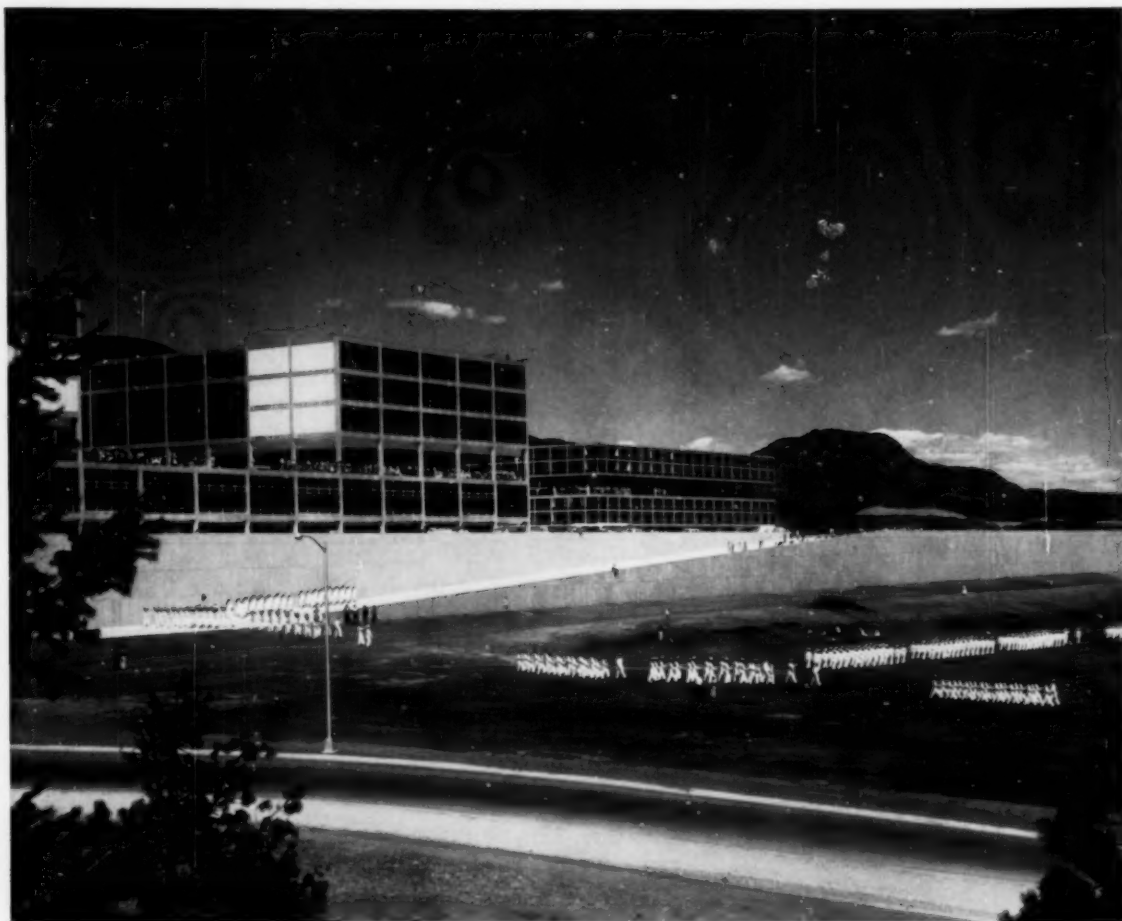


June, 1959



COLORADO SPRINGS, COLORADO

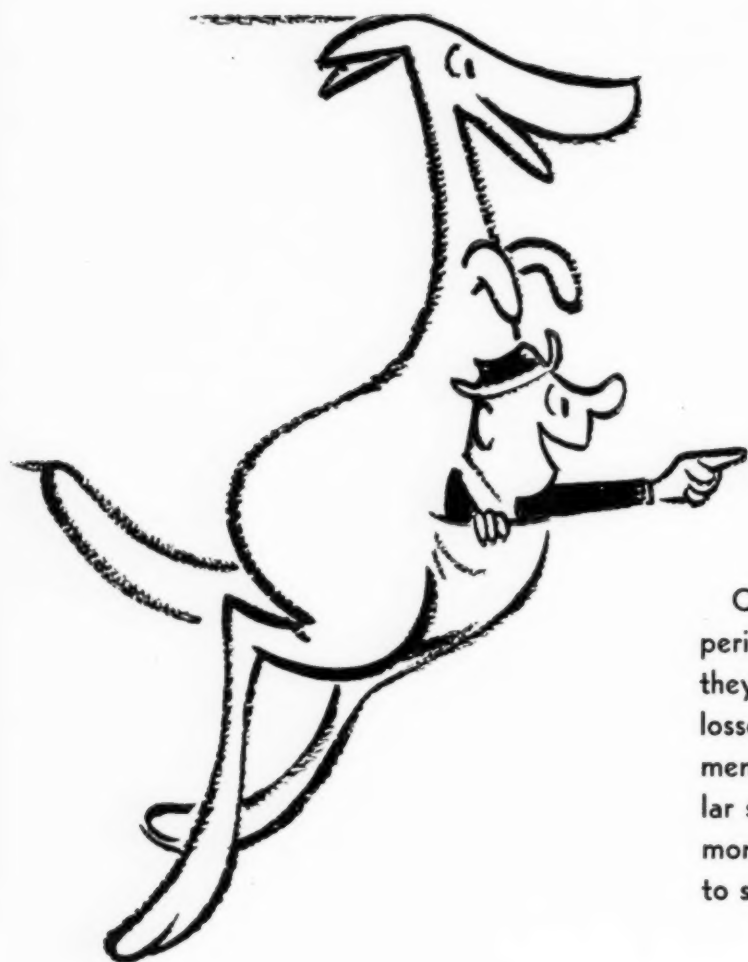
This is a view of the Academic Building and Cadet Quarters of the United States Air Force Academy, showing cadets in dress parade in foreground, with the Rocky Mountains in the background. The Academy is located just north of Colorado Springs, Colorado, on an 18,000 acre setting of superb beauty that is helping to make it one of the outstanding show places of the entire

nation. Authorized by Congress in 1954, the Academy is rapidly approaching completion and its first graduation ceremony will be held at the new site in June 1959.

Colorado Springs is the home of the Colorado Springs Retail Credit Association. E. Bland Creasap, Manager, Credit Bureau of Colorado Springs is Secretary of the local credit association.

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The CREDIT WORLD

REGISTERED IN THE UNITED STATES PATENT OFFICE

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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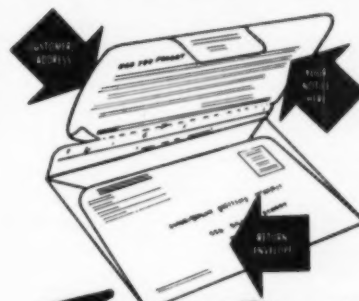
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Greetings from

Governor Steve McNichols...



STEVE McNICHOLS
GOVERNOR

April 9, 1959

Greetings, Credit Executives:

As Governor of the State featured in this issue of The CREDIT WORLD, let me extend simultaneously an appreciation for this recognition of Colorado and an invitation to all of you to join us this year for our "Rush to the Rockies" Centennial.

Our big celebration reaches a peak this summer, when most of our annual out-of-state visitors will be with us. Why don't you and your family visit "cool, colorful Colorado" after the International Consumer Credit Conference at Dallas in June?

The Centennial, of course, recognizes the venturesome miners who opened up the Mountain West 100 years ago. The streams and mountains that lured the miners are still drawing millions of visitors every year. But now they come for a different kind of "gold"—the special kind of rest, relaxation and outdoor recreation that only high mountains can give in this wonderful but hectic age.

In your daily work, you men and women deal in an important third kind of "gold"—the gold of good credit. All three kinds of gold are vital to Colorado today.

So we in Colorado salute you credit executives everywhere, and especially you who reside here, who have contributed so much to our State's growth and development.

Come and take a look at colorful Colorado.

And, like the earlier settlers, you just might discover that Colorado is the place you've been seeking to settle down in and grow up with the country!

Sincerely,

A handwritten signature in cursive script, reading "Steve McNichols".

SMcN:vr

P.S. For our Centennial Calendar of Events—there are more than 400 scheduled, write to P.O. Box 1959, Denver 1, Colorado.

"Rush to the Rockies" Centennial

Colorado Centennial Commission, Denver, Colorado

ONE HUNDRED years of progress is depicted in the State of Colorado's great celebration, the 1959 "Rush to the Rockies" Centennial which is projected by state-wide participation.

The Centennial State's first capitol, a small, rough-hewn log cabin, became the symbol of the "Rush to the Rockies" when it was moved to the statehouse mall in Denver late last year to serve as a permanent museum for housing mementos of Colorado's colorful and robust past. The historic, 100-year-old cabin had occupied a site in Colorado City (now a part of Colorado Springs) in serving as a meeting place for the second legislative assembly in 1862, after the first assembly in Denver named Colorado City the capital.

Colorado's legislature convened in front of the first capitol at the start of the 42nd General Assembly this January, and the simple but impressive session gave a startling résumé of the progress in the development of the West, and particularly Colorado, in the span of 100 years.

350 Major Events

At least 350 major events and many others have been scheduled for the centennial celebration. They range from rodeos, numerous major sports events, and events in the fields of mining, industry, religion, agriculture, education, the military and the history of Colorado to events in the fields of culture and entertainment, dancing, music, opera, and art festivals and shows. Also, a number of conventions will convene in Colorado during this "Rush to the Rockies" milestone.

Not only does the centennial depict the century of progress, but it also depicts 100 years of steady growth in depth, breadth and social attainment.

The first settlers, hardy trappers, miners and fortune hunters, carried the seeds of faith into the wilderness which brought a culture and moral stability to the West. The cry of "Gold!" had precipitated the first mass "Rush to the Rockies" movement. There were many disappointments and heartaches for a great many of the sturdy pioneers, but by and large most of them remained to initiate the development of that re-

gion which was destined to become the great Centennial State.

By 1876, Colorado had developed to the point to qualify for statehood, and on August 1 of that year was admitted to the Union as the 38th state. The coming of the railroads caused the pace of progress to be quickened as a great natural trade area expanded and developed.

Although many of Colorado's major gold deposits were exhausted by 1878, the state's expanding economic life paused only momentarily before forging ahead on the crest of another boom touched off by the discovery of silver. The "Rush to the Rockies" was again in progress, and this vital discovery brought a new influx of miners to the state. In the mountainous areas, many new towns sprang up including Central City, Fairplay, Aspen, Cripple Creek, Black Hawk, Georgetown, Caribou, Tin Cup and Ouray.

Repeal of the Sherman Silver Purchase Act in 1893 upended the silver market and the major mining boom years were over for the state. However, through foresight on the part of the pioneer residents in resourceful development of other mineral resources, as well as the fast-growing industries of manufacturing and agriculture, Colorado expanded to the notable plane it now occupies, and to the promise of a bright future in the years ahead.

Historical Heritage

Colorado, in addition to its rich historical heritage, is endowed with beauty of every description. Its large, rolling, eastern plains land joins near mid-state with the massive Rocky Mountains which split the state from east to west, the apex being the Continental Divide. In its mountain areas are three great parks or open country, called by locality, north, middle and south. The plains areas are a green blanket in spring and summer, while the mountains, always a vivid blue during the day, turn to deep purple at sunrise and sunset to magnify the snow-capped peaks.

Colorado was an Indian hunting ground, and nearly untouched by white men until the cry of gold was raised along Cherry Creek and the South Platte River in the area that is now southwest Denver. Only an

occasional fur trader had taken an interest in the territory until the cry of newly found riches. Arapahoes, Utes, Cheyennes, Kiowas, Comanches, Sioux, Shoshones, Pawnees and Apaches were roaming the plains and mountains, depending upon elk, deer and bison for food, clothing and shelter. These tribes struck fear in the hearts of the early settlers, and left their imprint of names on many of Colorado's cities, towns, rivers, forests and counties.

The Spanish-Americans overlapped into the territory several years before gold was discovered in central Colorado. The first permanent settlement sprang up in 1851 in what is now Costilla County in southern Colorado and was named San Luis. A vast valley, in which San Luis developed, now carries the name of the first settlement. Two more settlements followed San Luis in rapid order, both in Costilla County. San Pedro was founded in 1852 and San Acacio in 1853.

Spanish-Speaking Pioneers

These Spanish-speaking pioneers developed irrigation to raise corn, beans and wheat along with sheep, goats, cattle and horses. They lived in adobe houses, which have the factor of being warm in winter and cool in summer. Descendants of these and other Spanish-speaking pioneers still live in southern Colorado, and many of them continue to prefer an adobe abode over the other types of home construction.

The first mass settlement of what was to be Colorado, however, came after the cry of gold had been raised. Conestoga wagons creaked and rocked across the open prairies to the Gold Rush of 1859. Many of the wagons carried the slogan, "Pikes Peak or Bust." Dreams of quick riches vanished for many of the gold seekers. However, there was a "never-say-die" group who stayed on to develop the gold discoveries in the Gregory Diggings and to establish the twin towns of Auraria and Denver at the junction of Cherry Creek and the South Platte River.

The first prospectors found the elusive yellow metal in the sands of the rushing mountain streams. While panning the streams, some prospectors found outcroppings of veins of gold-bearing quartz. These discov-

United States Air Force Academy

Colorado Springs, Colorado

THE UNITED STATES Air Force Academy was authorized by Congress in 1954. Its first class of 306 cadets was accepted July 11, 1955, at Lowry Air Force Base, Denver, the Academy's interim location pending construction of buildings on the permanent site just north of Colorado Springs. The Academy's first Super-

intendent was the late Lt. Gen. Hubert R. Harmon, a 1915 classmate of President Eisenhower at the United States Military Academy. Upon his retirement in mid-1956 he was succeeded by Maj. Gen. James E. Briggs, the present Superintendent. The estimated total number of cadets, officers, airmen, military de-

pendents and civilian employees at the Academy by 1963 will be approximately 11,896 persons. The projected number of military personnel at the Academy during 1963 is expected to total 5,002. This number would include 2,528 cadets, approximately 860 officers and 1,614 airmen. It is expected that the number of depend-

eries led the way to the mass invasion of the territory, and brought permanent settlement. The development of Colorado made rapid progress from there on out.

Trading posts soon sprang up at a number of key trail junctions, and, at the same time, several mining towns were founded in the area, principally the communities of Denver, Boulder, and Colorado City (now Colorado Springs).

Mining development progressed by leaps and bounds, and more and more people moved into the area in quest for self-gain. Although the mining boom years ended abruptly in 1893, foresight, through the resourceful development of other mineral resources as well as the fast-growing industries of agriculture and manufacturing, projected the people of Colorado into the economic stability they now enjoy.

Following the sudden termination of the silver boom, industry in Colorado became primarily agricultural. The development of irrigation on a large scale and the favorable soil and climate for raising sugar beets brought the growing and processing of beets to be one of Colorado's leading industries. Today, northern and northeastern Colorado are dotted with sugar factories, and considerable beet growing and processing is also carried out in the Arkansas Valley in the southeastern part of the state.

As irrigation further developed, potatoes and beans came to be grown on a major scale. Rocky Ford took prominence for unusually tasty cantaloupe, and the sandy-soil melons are eagerly sought by the world market. Extensive truck gardening resulted in the establishment of factories to can the produce. The first fruit orchard had been planted in Cañon City in 1862, but 20 years later orchards were clustered on the West-

ern Slope to produce top quality fruits and mark Grand Junction as the Peach Capital.

Northeastern Colorado produces the major part of the state's grain crops, with yields as high as 50 bushels of wheat and barley to the acre. Corn and rye are also raised in large quantity.

The livestock industry has also played a leading role in the economy of Colorado. When the open range era ended, it gave way to vast ranches, which in turn have been divided into many smaller spreads. However, in the San Luis Valley, there still remain many enormous ranches operated in much the same manner as when they were land grants given by Spanish kings as payment of debts to explorers and missionaries in the New World. Some of these ranches are as large as 250,000 acres.

Although the largest share of grain-fed beef comes from the Corn Belt, the western range cattle are the backbone of this production, supplying the feeder cattle to the many large feed lots of the Central States.

Colorado is a leading lamb-feeding state, grazing well over a million lambs a year. The Denver stockyards, third largest in the United States, market more sheep than any other in the nation.

In the past 50 years there has been a gradual revival of the mineral industry. Although oil was first discovered in Colorado in 1861 near Florence (the nation's oldest continuously producing field), extensive development of the industry was held off until 1923 when the Wellington Gusher came in north of Fort Collins. Recent activities in the Rangely fields have increased the state's oil output to 135,000 barrels a day in 1958. Vast deposits of oil shale are embedded in areas on the Western Slope and remain largely untapped. It is estimated, however,

that when processes are created for extracting oil from the shale, 50 billion barrels may be recovered.

Colorado ranks first in the United States in coal reserve, with the greatest reserve in the state located in Las Animas and Huerfano Counties in the southern part of the state. At the present rate of consumption, the coal in Colorado will care for the needs of the nation for several centuries.

Next to petroleum, molybdenum is the most important mineral industry in Colorado. The mines at Climax, located at the top of Fremont Pass, produce 72 per cent of the world's supply of this vital ore. There is an estimated reserve of one billion tons of molybdenum in the area.

The far-western plateau region of the state is the source of the carnotite ore from which uranium is mined. This newest mineral industry of Colorado is a vital link in the defense of the country and in the production of atomic power.

Colorado's industries include considerable manufacturing, including canneries, textiles, luggage, rubber goods and plastics, porcelain and book publishing concerns. Located at Pueblo, the "Pittsburgh of the West," the Colorado Fuel and Iron Corporation is the largest producer of steel west of the Mississippi River. Chief products are steel rails and fastenings for railroads.

One of the three United States mints is located in Denver and is open to tours by tourists, school children and residents. Included in Colorado's rich endowment is a climate which cannot be surpassed. The lofty state invites citizens of the world to pay a visit, tarry a while or become a permanent resident during this banner "Rush to the Rockies" Centennial year. ★★★

ents of Academy officers and airmen will total 4,339 persons by then. It is also estimated that approximately 2,555 civilian employees will be employed at the Academy by 1963.

The Academy's mission is to provide instruction, experience, and motivation to each cadet so that he will graduate with the qualities of leadership and the knowledge required of an officer of the United States Air Force and with a basis for continued development through a lifetime of service to his country, leading to readiness for responsibilities as a future air commander.

Cadet training is divided into two parts, General Education and Military Airmanship, each of which complements the other. The General Education curriculum is balanced evenly between the social sciences and humanities, on the one hand, and the basic and applied sciences, on the other. It is designed to give cadets the basis for further development in any of the numerous career fields open to Air Force Officers. The curriculum is under almost continuous study in an effort to insure its adequacy. Graduates receive a Bachelor of Science Degree.

The Military Airmanship program extends throughout the year and includes a thorough study of the Air Force in general, including the organization and functions of its major commands and its position in the national security organization.

Cadets spend their first summer at the Academy receiving basic military training. Thereafter, in addition to professional military studies taught at the Academy, summer training includes a two-week introduction to pilot training, visits to major Air Force commands, to Army and Navy installations and, in lieu of home leave, visits to United States and Allied bases overseas. Training in navigation leads to the aeronautical rating of navigator upon graduation. Cadets also receive extensive physical conditioning and learn how to conduct physical education programs.

All members of the faculty are commissioned officers on active duty. A large number hold aeronautical ratings and must maintain their readiness for combat flying while serving at the Academy. They average about four years of college-level teaching experience.

After inspecting a great number of proposed sites, a Site Selection Committee narrowed the number to three but could not agree on a single location. The late Secretary of the Air Force Harold E. Talbott ordered

engineering surveys of all three and personally visited each one. His final selection was approximately 17,900 acres of ranchland extending eastward from the Rampart Range, foothills of the Rockies. The State of Colorado contributed one million dollars toward the purchase of this land.

Construction has been confined to fingers of land, mesas, extending eastward from the mountains toward the plains, with family housing and recreational facilities being placed in the valleys between them. The site provides ample room for cadet maneuvers and for expansion over the years if required.

Two and one-half miles of U. S. Highway 85-87 has been moved eastward 1,000 feet to make room for a proposed runway, and the Academy controls a buffer strip of land east of the highway to prevent unsightly development which would mar the beauty of the area. The proposed runway has been laid out so that the approach zone and flight pattern will avoid built-up areas and nearby high elevations and permit maximum use of prevailing winds. Weather surveys indicate that the Academy can look forward to approximately 330 days of good flying weather each year. The elevation of the site varies from 6,325 feet at the southeast corner to 8,180 feet at the highest point on the west boundary.

Annual Precipitation

Annual precipitation is estimated at 17.5 inches. During June and July, when the mid-day temperature may go as high as 97 degrees, the humidity is extremely low, averaging between 35 and 40 per cent. Water storage built by Colorado Springs beyond the Rampart Range assures an ample supply of water.

The men who designed the Academy buildings describe the architecture as timeless. The Academic Building, the Cadet Quarters, and the Academy Headquarters all feature open floors, which the architects say give a semblance of flight. The low horizontal lines of these buildings are designed to contrast with their mountain background, and the tall spires of the proposed chapel will make it the outstanding structure in the area. Certain buildings in the service and supply area near the southern end of the site have red-paneled sides. These panels were used to provide a pleasing color contrast to the terrain through the year. All construction has been under the direction of Col. Albert E. Stoltz.

The Air Force Cadet Wing, commanded by a cadet colonel, will eventually consist of six groups, each of which will have four squadron cadets. The Wing's authorized strength of 2,520 cadets will probably not be reached until about 1962. This number may include no more than four Filipino cadets and 20 selected from Canada and the other American Republics who may graduate but will not be commissioned in the Armed Forces of the United States. Upon entering the Academy, cadets agree to complete the four-year program of General Education and Military Airmanship training, and to undertake full-scale pilot training after graduation.

During its first three years of operation at an interim site in Denver, three classes totaling 912 cadets entered the Academy. During that time the attrition rate was about 17 per cent. The size of the class entering in June, 1958, was set at 448 cadets. Beginning in 1959, each entering class will total 712 cadets.

Cadets graduate as second lieutenants in the regular Air Force. Up to 12½ per cent of each service academy class may, if they desire and the service secretaries agree, elect to be commissioned in either the Air Force, Army or Navy.

All cadets are required to participate in athletics. Those not engaged in one of 15 or more seasonal intercollegiate activities must participate in an extensive intramural program. The Academy's intercollegiate athletic program is developing gradually as the Cadet Wing grows. In 1955-1956 the "Falcons" engaged in freshman competition; the following season they competed against small four-year colleges; in 1957-58 they played major colleges; and in 1959 the first football game is scheduled with the United States Military Academy. In 1960 the football team will play both Army and Navy. The Falcons have already met teams from other service academies in some other sports.

Cadet recreational activities are centered around Arnold Hall, the cadet social center, which is open every afternoon and until midnight on nights preceding holidays. Informal dances are held on Saturday nights when a formal dance is not scheduled. There are numerous extra-curricular activities, including an aero club and a soaring club which help to maintain cadet interest in aviation. The Academy's first commencement and dedication was held on June 3, 1959. ★★★



Our Part in a Multi-Million Dollar Operation

L. O. SYLVESTER

Credit Sales Manager, Newton Lumber and Manufacturing Company

Colorado Springs, Colorado

Past President, Colorado Springs Retail Credit Association

IN 1954 Colorado Springs was named the site for the United States Air Force Academy. Conservative men of the building business consider the construction of the Academy one of the greatest projects in American history. The work under contract went from \$75 million to \$118 million with Congress authorizing between \$15 million to \$20 million additional for construction.

While future career officers began learning how to defend America in the air-atomic age, our own education was related to ways and means of opening and collecting of contractor accounts.

As one of the materials suppliers our cement block plant sold over a million and a half blocks, while the lumber division furnished countless carloads of cement and hundreds of board feet of lumber. We early learned that no matter how awesome million-dollar contracts might seem in newsprint it was the subcontractors who provided the day to day sales.

The general contractors were required by law to be bonded. As time wore on and buildings were completed, more and more "subs" considered it unnecessary to be bonded because the prime contractor was required to be. This helped to keep their expenses down, enabling them to make a lower bid, but caused our collection department to be the more intent on correct job addresses as well as to be more aware of the date of the last purchase.

As a supplier we quickly learned our protection under the "Miller Act." This act, passed by Congress in 1935, was little known and seldom used by us until the Academy came to our area. Here is a condensed version of what it means:

"The Miller Act (49 Stat. 793, Title 50 U. S. Code, Section 270 a-e)

requires that all construction contractors working under contract with the Government furnish bond to guarantee full and just payment to suppliers and materialmen. Such a bond provides protection to materialmen and suppliers working directly under the prime construction contractor as well as his subcontractors. In the event the relationship is with a subcontractor and not a prime contractor, notification must be made to the prime contractor by registered mail of the claim within ninety (90) days after the last material was supplied in order to protect rights under the Miller Act.

"The Government cannot undertake to process claims by suppliers or materialmen against a construction contractor or his bonding company. Any such action must properly be taken by the claimant directly to the prime contractor or to his bonding company. Any legal action to enforce collection of a claim must be initiated within one year after final settlement of the construction contract."

Things happened fast after the letting of the first contracts. We knew by newspaper accounts who the prime contractor was, but the "subs" who did the actual buying from us were complete strangers. Information from our own Colorado Springs credit reporting company was invaluable.

Our plan of opening an account was usually based on the size and general reliability of the prime contractor. A few times we were fooled, but generally speaking, this procedure worked very well. Most of the orders came through our North Yard which was nearest the Academy building site. The salesmen there would get as much information as possible from the foreman on the job. Usually this was scant. The real

function of our credit department detectives was put to a test.

We would contact the Air Force Construction Agency who obligingly gave us the official job designation, the name of the prime contractor, the prime's bonding company, and in many cases, even the local agent for the bonding company. The Agency would be equally cooperative upon completion of a contract. A suit could not be started against a contractor until the completed buildings had been officially accepted by the Government.

When all information available was garnered, we contacted our local credit reporting company. Most often "in files" were not on hand so mail and telephone calls were necessary. Many times a call to the on-the-job offices of the prime contractor assured us of payment with a joint check or some other form of protection.

The size of the Academy construction brought in a variety of workers. The magnitude and scope of the project and lure of easy money prompted many individuals in all crafts to claim they were "contractors." These were soon spotted, however, so that losses and refusals of credit were nominal.

All accounts were opened on a regular open account basis, payment due 10th prox, but we had to wait much longer on some because of a ten per cent holdback by the prime contractor. The bigger the contractor, oftentimes, the longer the "subs" were kept waiting.

Today, with only one or two buildings to be completed, the Academy is in full operation. We are appreciative for all we have learned in merchandising this great project. Creditwise, it has been a wonderful opportunity to learn and profit by experience in handling construction accounts. ★★★

THE 45th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

STATLER HILTON HOTEL, DALLAS, TEXAS, JUNE 21-25, 1959

National Retail Credit Association

Credit Women's Breakfast Clubs of North America • Associated Credit Bureaus of America

1959 State-Wide Celebration

Colorado Centennial Commission, Denver, Colorado

PROSPECTIVE vacationers might well take a look Westward this summer, for Coloradans have pulled all stops in planning a year-long Centennial celebration to salute the 100-year growth and development of the mountain state.

Dubbed the "Rush to the Rockies" Centennial as a tribute to the hardy pioneers and gold-seekers who did just that in 1859 to settle America's last frontier, the 1959 celebration presents a panorama of events calculated to please the entire family. A fireworks display atop mighty 14,110-foot Pikes Peak on New Year's Eve signaled the start of a modern "rush" which is expected to run unchecked through the early months of 1960.

State-Wide

Residents of the mountain state are quick to announce their Centennial is "unique" in concept. Governor Steve McNichols, guiding force of the celebration, points out that the Centennial has no midway, no world's fair atmosphere, no main carnival grounds. This celebration is being staged by every community in the state and is offered daily by means of activities which reflect community living and the remarkable advances the state has made during the past century in the fields of industry, agriculture, government, education, religious advances and the arts. But flowing through the myriad of activities is pure entertainment, a spirit of fun backed by Western hospitality at its finest.

A devotee of history may travel the state and, regardless of date, of town, of age, will find a pageant, display or spectacular event outlining the history of Colorado. The educator, sports enthusiast, entertainment seeker, religious participant, arts devotee, the conventioneer—each may seek and will find something of interest during the "Rush to the Rockies."

But planners quickly assert that the celebration is not all history, all pageant, all activities with a Centennial theme pointing to the past century of growth. The "Rush" also features the hunting, fishing, scenic attractions, world-famous festivals and annual Western events which,

year after year, earn for Colorado the title, "Vacationer's Paradise."

During April, the Centennial included the National YMCA swimming and diving championships in Colorado Springs, where experts from Cuba, Canada, Hawaii and the United States competed for titles. "The Legends of Boots and Burros" combined music, drama, and entertainment as the variety show offered visitors a peek at the many types of entertainment found during the state's 100-year development. "Legends" was presented during April in Gunnison, Montrose and Grand Junction.

May events included: a Pikes Peak championship ski race featuring international skiers; the official opening of "South Park City," a recreated mining town in Fairplay where visitors saw authentic mementos of the lush mining era; the dedication of a war memorial to the Tenth Mountain Division of World War II, atop 10,424-foot Tennessee Pass near Leadville; and the gathering of racing fans from across the nation for sports car races in La Junta. Two major Centennial features planned in May in Denver were an International Women's Forum, with top feminine leaders of the world participating, and the National Square Dance Convention, where 10,000 gaily-attired dancers participated in exhibition dances which trace the 100-year history of this art form.

Additional Events

In June travelers may visit the spectacular new United States Air Force Academy near Colorado Springs for the official dedication and commencement of the Academy's first class on June 3. A Western affair which honors the progress from early days to the space age is the theme of a "Centennial Fiesta," gala three-day celebration set for Pueblo. "Gold Rush Days," rough and ready Western entertainment, will be found in the mountain town of Idaho Springs when this community celebrates the 100th anniversary of the first discovery of gold in 1859. Additional June events include: the White Water boat races in Dillon; the Stone Age Fair, featuring artifacts of the Indians, in Yuma; start of the two-month International

Music Festival in Aspen; and the June through August Federal Agencies Fair near Denver, which shows the "United States Government in action" through an extensive series of displays and exhibits.

Late June marks the start of the two-month Central City opera and play festivals. The world-famous summer theatre center presents as its Centennial-year attractions: "The Ballad of Baby Doe," New York Music Critics Award-winning American folk opera, which tells the story of early Colorado characters; and a new version of "Die Fledermaus." Top names in the music world will join the "Rush" to appear in the Central City productions as well as attractions offered in Aspen and Steamboat Springs. For the sports-minded, June is the month to visit Colorado for the National AAU track and field championships in Boulder and to see Floyd Patterson defend his championship in a world's heavyweight prizefight title match in Colorado Springs.

Narrow-Gauge Railroad

From June through September, Centennial visitors will thrill to a "Journey Into Yesterday" during daily round trip excursions on the famous narrow-gauge railroad from Durango to Silverton. Youth will particularly enjoy a visit to "Magic Mountain" near Denver where a Western fairyland will offer stage-coach rides, a trip through "Centennial City" and exciting Indian dances and events among hundreds of unusual attractions.

In July, major events are planned to make the trip to Colorado a "must" for vacationers. Golf fans will want to attend the National Public Links tournament set for Denver. A state-wide tour of horseless carriages will offer visitors a once-in-a-lifetime view of a bygone era as hundreds of old-time vehicles, with riders attired in colorful period dress, gather from across the nation to salute Colorado and the anniversary celebration. An international sports car race up Pikes Peak presents modern contrast and an opportunity to see champion racers from England, Italy, Germany and Sweden meeting competitors from the United States.

The Koshares summer ceremonials in La Junta offer genuine Indian ritual and plains tribes' dances each Saturday evening during July and August. For culture enthusiasts, a Fine Arts Festival in Greeley offers art exhibits, lectures by noted experts in the field and theatre productions. The entertainment seeker in July will thrill to music attractions planned for Red Rocks Amphitheatre near Denver. The young set will enjoy "The Legend of the Indian Massacre," a dramatic show featuring real Indians, at beautiful Grand Lake high in Rocky Mountain National Park.

A "Gold Rush Week" in Leadville offers sports events, gold mine tours, melodrama and Western excitement climaxed by the World's Championship Pack Burro Race on July 26 from Fairplay. Ft. Davy Crockett in Craig will be the scene of a rodeo and dedication in July; Estes Park presents a Rooftop Rodeo and Parade; Delta presents Centennial Deltarado Days comprising a two-mile parade, a feast of 6,000 pounds of pit-barbecued beef, a water carnival and boat races.

August marks Colorado Day on the first and unusual celebrations throughout the state. In Denver a

gay "Centennial Fiesta" features movie stars from foreign countries, displays and dancing in the downtown streets. Boulder presents its Centennial music camp, and a Diamond Jubilee celebration in Fort Morgan uses the pioneer theme as the entire town relives the pioneer days of Colorado. Selection of the All-American band, a pageant and marching spectacular coupled with world premiere presentations of original music compositions are included in the scheduled Colorado Centennial summer music camp in Gunnison during August. The world's highest regatta held at Grand Lake will interest sports fans, while Denver also claims attention as it hosts the Western Regional Water Ski tournament in August.

In mid-August, travelers will move to Steamboat Springs where Perry-Mansfield camp will present an international dance festival and to the National Strawberry Queen contest in Glenwood Springs, and take the Ute Pass Wagon Train to Woodland Park. Rounding out the August events is a scheduled Jeep Cavalcade to the San Juan Rockies, a five-day conducted tour as 1,000 jeeps follow old mine roads into

the high country where they will find a fisherman's and photographer's paradise. A major attraction in August also is the Colorado State Fair and Rodeo in Pueblo.

September visitors will find a free Watermelon Day celebration during the Arkansas Valley Fair in Rocky Ford, a professional football game in Boulder, and the National Amateur Golf tournament in Colorado Springs.

In October, Colorado's famed golden-hued mountains beckon for a maze of unusual events. During October, the state moves into another celebrated ski season with important events featuring Olympic champions scheduled in many ski areas. Horse racing, dog racing and Western League baseball also are offered for the entertainment of those who travel Colorado way in 1959. The famous fishing season extends from May 17 through October, and deer and elk hunting begin near the middle of October.

"Rush to the Rockies" is expected to attract ten million visitors to Colorado in 1959. Centennial planners have scheduled more than 350 special events to insure entertainment for the modern-day pioneers who join the "Rush." ★★★

A New Training Manual for Retail Credit Personnel

A Practical, Down to Earth Educational Booklet

"How To" Series Making Credit Profitable

Prepared by the Educational Department National Retail Credit Association

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Here is just the aid you have been looking for in training new credit office personnel. Tells the story of basic credit and collection procedure in simple easy-to-understand language. Helpful to all kinds of business and to any size store or firm. Each person in the credit and collection departments should have a personal copy of this valuable instruction manual.

CONTENTS

How to Decide About Credit Merchandising
How to Decide Your Credit Plans
How to Open an Account
How to Analyze the Credit Risk
How to Accept the Account
How to Decline the Account
How to Control Accounts Receivable
How to Collect Monthly Charge Accounts
How to Collect Instalment Accounts
How to Get New Business
How to Promote Inactive Accounts

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City Zone State

Every credit executive faces the problem of giving new employees instruction in credit and collection procedures. This takes time, not only in giving the instruction but in preparation. With the constant personnel turnover in most stores and firms, training new people becomes a major task. This booklet simplifies that task. Several prominent managers of credit sales have voiced their approval and satisfaction with this educational primer.

**YOU WILL FIND THIS BOOKLET TO BE THE ANSWER
TO YOUR PROBLEM**

Activities of Colorado Springs Pikes Peak Chapter Credit Women's Breakfast Clubs of North America

THE PIKES PEAK Breakfast Clubbers have been active this past year and are very proud of their achievements. At the District 9 Conference in Glenwood Springs, Colorado, in May they won the Increased Membership Trophy and also the Perfect Attendance Trophy. This is the first time these have been in their possession and everyone is working hard to maintain their record so the trophies can be won two more times and become permanent possessions.

The CWBCofNA Office outlined a Handicap Race for new members all over the United States this past year and each club was notified of the number of new members they must obtain to stay in the race. We doubled our membership and won the National Trophy which was a big surprise in view of the competition we

had. Because of this increase, District 9 won third place to "show" in the race, even though two clubs were disbanded.

In order to raise funds to send a delegate to District 9 Conference next spring, a plan was worked out which proved quite successful without much expense to the members. Trading stamps were donated by almost every member and those not having a book of stamps donated money. The various stamps (Red, Gold Bond, Mor-Valu, Frontier and others) were swapped around among the members for S&H Green Stamps where possible and the remaining books then were exchanged at the local Stamp Exchange Office for S&H stamps for a charge of 25 cents per book.

The committee chose three items

to be awarded three winning names from the sale of tickets at 25 cents each. The first award was an electric pressure cooker; the second, an eight piece salad bowl and relish tray set; and the third prize, a large carving board with prongs and an adjustable fork for holding a roast.

The tickets were made up showing the items to be won by the holders of the three winning tickets and each member was expected to sell at least 15 for a total of \$3.75, and if possible 30 tickets, for \$7.50. Over one half of the members sold 30 tickets and one member sold 75. We netted \$175.00 which was a little short of the \$200.00 goal. Next time we try something like this, it is agreed we could probably raise \$300.00 with little more effort than our first attempt to raise money this way. ★★★

The ONE Book Every Collection Man Should Have

One New Idea Will Make or Save You Its Price Many Times Over!

SKIP TRACING

Procedure for the individual skip tracer.
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Fourteen different ways to locate a skip without a registered letter.
A letter to former employers that will bring phenomenal results.
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Ten ways of locating skips by registered letters.
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How to find the job.
Tracing the guarantor.
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A concrete case.

HOW TO LOCATE SKIPS AND COLLECT

by

A. M. TANNRATH

Authority on Credits, Collections and Skip Tracing
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Collecting Old Accounts
Installment Credits
Current Collections
Merchandise in Storage
Bad Check Law
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Digest of Commercial Laws
For All States
How to Forward Claims
For Collection

REPEAT ORDERS from Collection Agencies and Chain Organizations PROVE Its Value!

These firms ordered copies for each of their offices or for each of their executives.

SECURITIES CREDIT CORP. of Denver, Colorado, ordered 14 copies.
MERCHANTS ACCEPTANCE CORP. of Worcester, Mass., has ordered 21 copies.

MILLER MANAGEMENT CO. of Nashville, Tenn., ordered 160 copies. Recently they ordered an additional 84 copies. They write: "Many thousands of dollars' worth of skip accounts have been located through the direct result of your book."

You, Too, Can Profit by This Book! Order Today!

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375 Jackson Avenue, St. Louis 30, Missouri

Please send me copy (ies) of How to Locate Skips and Collect. Check for \$5.00 must accompany order.

Name

Firm Name

Address

City Zone State

Credit Association and Credit Bureau Activities In Colorado Springs

THE CREDIT BUREAU of Colorado Springs, Inc., was incorporated in 1911 under the name of the Credit Reporting Company, and has been in continuous operation since that time serving business and professional people of the Pikes Peak region. It has been under the management of E. Bland Cresap since April, 1936, and is now owned by Bland and Betty Cresap. They became full owners in 1945. Started by Bob and Willis Sims, with one girl in the office, Mary O. Bristow, who later became part owner until 1945 when she retired, the business has grown until at present it furnishes between 75,000 and 100,000 reports each year.

Associated with the credit bureau are the Credit Service Company, Inc., and the Creditors' Collection Bureau, under the same ownership, both providing collection services to business and professional people of the trade area. The Credit Service Company, Inc., was incorporated by the Cresaps late in 1947, and shortly after that they acquired the Merchants Association which was founded in 1910 to handle collections. It was placed within the corporate framework of the Credit Service Company, Inc. In 1952 the Cresaps acquired the 21-year-old Creditors' Collection Bureau from its former owner. The two collection services from 1948 through March 1959 had collected a total of \$1,265,442.30 from

the accounts placed with them for collection.

The credit bureau, together with its two associate companies, now numbers 42 employees. It was among the first members of the old National Association of Mercantile Agencies, now known as the Associated Credit Bureaus of America, Inc.

The credit bureau has posted all pertinent newspaper clippings to its files since its beginning, and also transcribes and posts all county recordings such as chattel mortgages, trust deeds and their extensions and releases, title conveyances, transcripts of judgment docket, mechanics liens, justice of the peace civil actions, etc., to assist its members in evaluating their credit applicants. It provides a special Age Analysis Monthly Report Service for its building materials and services members, which covers the receivables owed to members of the group by building contractors of the region. This special service has been furnished the group all during the construction boom the past several years, when the Colorado Springs area was undergoing an extensive period of home construction with contractors from various parts of the country flocking to the area.

The credit bureau also maintains a special Lenders Exchange File for some 23 finance companies of the region. This service is entirely separate from the files of the credit bu-

reau, although all of the lenders are also users of the credit bureau's regular credit reporting services.

The credit managers of the region formed their own corporation in 1932, and Mr. Cresap has served as its secretary for many years. The group has the corporate name of the Colorado Springs Retail Credit Association. It holds regular monthly luncheon meetings with a wide variety of programs. Attorneys talk on various legal aspects of creditor-debtor relationships. FBI representatives, Secret Service men, the chief of police, etc., talk on phases of their work of special interest to credit granters. District judges have talked on divorce actions and their effect on credit. Justices of the peace have explained their services which are available to serve creditors. State senators and representatives have addressed the group on legislative matters. County commissioners have talked on governmental matters. Welfare agents have discussed credit problems of welfare recipients. Social Security men have spoken. Representatives of the several military establishments in the Colorado Springs area, the Air Defense Command, Fort Carson, the Air Force Academy, have addressed the luncheon meetings on credit to both military and civilian employees of the services. Panel discussions are frequently held on subjects of general or special credit interest, with audi-



ence participation. The annual dinner meeting usually has a speaker of regional or national prominence. L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association, has addressed these meetings on several occasions, the first being in 1941.

The Association periodically runs credit educational advertisements in the local newspapers. A program of talks to students and miscellaneous adult study groups has been going on for several years, in which the role of consumer credit in our high American standard of living and the importance of maintaining a high quality credit record by paying all bills every 30 days or as otherwise agreed, has been the keynote.

During its rapid expansion the past several years, when the Colorado Springs metropolitan area mushroomed from about 50,000 to 125,000 population, the credit bureau outgrew two rented locations. In December 1956, it moved into its new home in the Credit Bureau Building at 418 South Weber. The bureau has a ground-floor location with a total of about 5,500 square feet, including kitchenette-lounge facilities in the basement. The building is of fire-proof construction, equipped with the latest air filtering, circulating and air-conditioning equipment. It has its own parking lot which can accommodate 16 cars. Its location is one and one half blocks from the Courthouse and about five blocks from the center of the business district, just far enough away so that parking for customers is no problem.

In 1954 the Credit Bureau of Colorado Springs, Inc., received the International Achievement Award in its population bracket, given by the Associated Credit Bureaus of America, Inc. Mr. Cresap has also served on the Credit Reporting Division Committee and the Board of Directors of the Associated Credit Bureaus of America, Inc. He is a Director and Past President of the Associated Credit Bureaus of Rocky Mountain States, a Past President of the Rotary Club of Colorado Springs, and is presently serving his second term as a member of the Civil Service Commission of Colorado Springs. He is also a Director of the First Federal Savings and Loan Association of Colorado Springs. The local credit association and the credit bureau have served as host organizations to three district credit conferences, the most recent being in 1954 at the Broadmoor Hotel. ★★

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Optional Charge Account Program

ARCH I. MERIDETH

General Credit Sales Manager, Fashion Bar, Denver, Colorado

AS A NUMBER of other firms throughout the United States have done, Fashion Bar combined the 30-day charge account with the revolving charge account into the single type charge account in January 1957.

We did not attempt to convert the "old" 30-day account to the "optional" plan immediately, but have since persuaded the majority of customers to transfer to the optional plan, usually at the time of the first purchase after the account had a zero balance. We received little resistance to the changeover. As a matter of fact, resistance came about only when the optional plan was not thoroughly explained to the customer or she, in turn, failed to explain the plan to her husband, who writes the monthly checks.

Since February 1, 1959, we have been billing the 30-day accounts that were not previously converted to the optional plan on the same statement form and the same ledger form as is used for optional accounts. On these "old" 30-day accounts, and on all accounts who have a credit history of never exceeding payment in full (on open account credit) within 60 days, we do not bill a service charge until the third statement. Until we adopted this particular policy, we found that we were losing, or at least irritating, good volume accounts who refused to pay a service charge and who always paid their bill in full within 60 days. Oftentimes, their check was mailed on the closing date so that we had the payment in full before we actually billed the account.

This policy just had to be, because our credit accounts are represented by customers ranging from the lower income brackets to the substantial, influential, well-to-do customer who can charge anywhere. It is for the latter type of account, naturally, that we found it necessary to make the above described concession if we desired to hold their business.

The "old" 30-day account and those accounts opened as optional accounts that pay in full within 60 days account for approximately 25 per cent of all of our accounts. The remaining 75 per cent pay the one and one half per cent service charge

each month, which provides us with a revenue that pays for a substantial part of the total cost of our credit operation. We are still growing creditwise, having only offered this service for less than four years, and hope that it will be possible for the service charge revenue to cover 100 per cent of the cost of our credit departments.

It should be explained that Fashion Bar operates 14 women's ready-to-wear stores in the State of Colorado, of which the Colorado Springs store is the third largest. We have Mrs. Ann Weigel in the "Springs" store as credit sales manager, to open accounts, extend credit and conduct our collection program. However, all of our customers' statements are billed on a cycle billing basis in a central billing department located in Denver, Colorado—29 to 273 miles away from the "out of Denver" stores. The centralized billing program provides us with the greatest amount of efficiency and economy. It permits Mrs. Weigel and our other credit sales managers to devote their full time to the obtaining of new accounts, collections, and other directly connected activities in the credit department, as well as assisting in the conduct of the "office" side of our cash sales and lay-away plans.

Account Control

Control of the account in the Colorado Springs credit sales department (as well as in the other "outside of Denver" departments) is maintained through a duplicate statement (carbon copy) created when the account is billed each month. The original copy is mailed to the customer by the central billing department and the duplicates are mailed in bulk to the stores involved. Pencil notations of charges and payments made to the account are entered on the duplicate statement at the time of the transaction, so that the store can, if necessary, determine at any time the customer's exact balance and the condition of the account.

All stores report the amount of charge sales and charge payments daily. Copies of the charge sales tickets and payment tickets accompany the report mailed to the Denver

central billing department—which is only overnight by mail from any credit department.

The duplicate statement is replaced each month with the new or current duplicate statement, unless a delinquency exists. Duplicate statements are accumulated on past-due accounts until the account finally pays out or is brought into a current condition. Notations of the collection follow-up are entered on the back of the first delinquent statement to form a continuous "story" of the collection effort expended and the results obtained. This custom is particularly helpful when considering further charges to the account, rating the account for the credit bureau, and in "building" collection pressure on the accounts who do not respond to our collection effort.

The Fashion Bar collection program provides for two mild reminders to be sent at seven-day intervals, beginning on the 15th day following the mailing of the second past-due statement. The reminders are followed by a telephone call, if payment is not received, to ascertain the reason for the delinquency and to establish a payment schedule to bring the account into a current condition. We have found it to be profitable to follow our accounts closely because we have learned that the past-due account does not favor us with her cash or charge business while she is delinquent. When the account is current, she is open to buy; she knows it and does buy.

All of our accounts carry a limit code (that we refer to as a credit reserve) in the address stencil used in heading up both copies of the statement. This makes for a quick decision in credit authorizing in the "home" credit department. It also provides a means of safely approving charge purchases made in Fashion Bar stores located in cities other than the customer's "home" credit department.

Each month the credit sales managers prepare a delinquent report, a copy of which is sent to the general credit sales manager. The report is of the type that "ages" the account as it is prepared. The report is made up by "cycle" in direct relationship to the billing of the account each month. The act of preparing the re-

Dallas Conference Entertainment Program

Monday, June 22, 1959

7:00—TEXAS WHINGDING

A Western dinner and dance at Hotel Adolphus

Featuring

BOBBY WILLIAMSON AND HIS
MEN OF THE WEST

The Nation's Number One Western Orchestra
SANDY SANDIFER'S DIXIELAND DAREDEVILS
The Showmen of the Trumpet

RED KEARNS

The Old Rinky-Tink Piano Professor Himself
JUAN ALVARADO

Mexico's Singing Gift to the United States
"SHERIFF" TINY GRANT

Precise, Personable, Pleasant, Prestidigitator
JOHNNY BATTEN

Twenty Busy Fingers Providing Accordion Magic
BUDDY GENTRY
The Wizard of the Silhouette

Tuesday, June 23, 1959

8:00 p.m.—PRESIDENT'S RECEPTION AND BALL
Grand Ballroom, Statler Hilton Hotel

Presenting

HARRY JAMES AND HIS ORCHESTRA
One of America's Outstanding Dance Bands
Featuring the Famous "James" Trumpet

Thursday, June 25, 1959

7:00 p.m.—ANNUAL BANQUET AND DANCE
Banquet in the Grand Ballroom and dancing in the
Embassy Ballroom, Statler Hilton Hotel

Starring

CHARLIE APPLEWHITE
Milton Berle's Sensational Singing Discovery
And the Famous
DORNAN BROTHERS
Comedy Galore

Music By

HYMAN CHARNISKY AND HIS ORCHESTRA
The Ultimate in Dance Music

LADIES ENTERTAINMENT

Sunday, June 21, 1959

OPEN EVENING

To visit friends and relatives, dine out at a famous
eating place, or attend a current stage show

Monday, June 22, 1959

2:00-4:00 p.m.—JEWELRY STYLE SHOW AND TEA
Presented by Arthur A. Everts Jewelers in their
auditorium at 1615 Main Street

7:00 p.m.—TEXAS WHINGDING

A Western dinner and dance at the Hotel Adolphus

Tuesday, June 23, 1959

2:00-4:00 p.m.—TOUR OF DALLAS

Tour of Dallas and suburban areas in air-condi-
tioned busses

8:00 p.m.—PRESIDENT'S RECEPTION AND BALL
Grand Ballroom, Statler Hilton Hotel

Wednesday, June 24, 1959

9:30 a.m.—BRUNCH AND COMMENTATED FASH-
ION SHOW

Zodiac Room at Neiman-Marcus, Main and Ervay
Streets

OPEN EVENING

For visiting friends or relatives, dining out, or see-
ing the musical at the Fair Park Music Hall,
"Wish You Were Here," with Shirley Jones, Jack
Cassidy, Ford and Reynolds. Curtain time will
be 8:15 p.m.

Thursday, June 25, 1959

OPEN AFTERNOON

For shopping, tours, and beauty appointments

7:00 p.m.—ANNUAL BANQUET AND DANCE

port forcefully calls to the attention of the credit sales manager the need for collection attention. It also "highlights" the seriously past-due accounts for the general credit sales manager, who may wish to suggest certain collection procedures or lend assistance by contacting the account personally.

Our central billing department audits, microfilms, places in cycle, and files in the customer's file, all of the media to be posted to the customer's account. Subsequently, on the appropriate billing date, the central billing department bills the account, "proofs" the billing to a pre-determined control and mails the statements. All of these operations, necessary to the maintaining and

billing of the account, are handled on a basis of approximately 4,000 accounts per employee plus supervision time of our Denver credit sales manager, who supervises the central billing department in addition to her duties as credit sales manager.

Although each credit department prepares its own address stencils, the stencil files are maintained (by credit sales department) in the central billing department. Through this arrangement, direct mail promotions can be managed efficiently by the central billing department, with its business machines, which we could not justify in each of our credit departments.

Through the Fashion Bar Optional Charge Account Plan, we have elim-

inated the problems of the "good but slow" 30-day accounts that provide no revenue to maintain the account; we have developed a plan that provides for constant, continuous building of new charge accounts (so necessary in the specialty store); we are able to control the account more closely and vigorously solicit for more charge sales to every account; we have maintained an excellent collection attainment; and we have experienced nominal charge-off figures comparing favorably with any and all figures that we have had the opportunity to observe.

We heartily recommend the single type of account to any retailer whose lines of merchandise are conducive to this type of credit extension. ★★★

Merchandising Credit Service

MRS. OPAL HUNT WOODY

Credit Sales Manager, Kerr's
Oklahoma City, Oklahoma

THE KEEN competition among retail establishments today often makes "store personality" a most important factor in our business. Many times the thing that draws a customer to our store is something other than merchandise. Usually she can get the item she wants at a number of stores. Store personality is made up of management, sales force, merchandise and credit facilities. Naturally, we are most interested in the role of credit in our store's personality.

Having previously been in merchandising I feel that seven basic functions of merchandising apply to the credit department also, and we need to have a well-merchandised credit service to enhance our store's personality.

1. Know the Market and Select Wisely: A buyer must know his market, shop it thoroughly and be alert to new resources for merchandise and new trends in fashion. The credit manager must know *his* market and explore *his* resources. A buyer does not look at just one or two lines before he writes his orders—he covers the market. The credit bureau is the credit manager's resource for information about applicants for credit and it should be used extensively. When we get a credit bureau report we "cover the market" and get the full picture of the applicant's credit dealings rather than taking one or two well-chosen references and calling them directly. The credit bureau is also an important resource for obtaining new business through solicitation of newcomers, etc.

A buyer of merchandise shops the market thoroughly before he writes orders. A credit manager gets full information and analyzes it well before he "buys" a new account. Having made the decision, he must have faith in what he has bought.

2. Use Attractive Display: Display of merchandise is important. Take a buyer's window away for a week and hear him complain. The importance of credit service to a store makes it also deserve attractive display. Many times the customer's first impression of a store is obtained when she leaves the application for her account. Well-lighted, attractive, neat interviewing quarters are a necessity. Window display of credit facilities can also be used effectively.

3. Remember That Credit Service People Are Sales People: All store employees are engaged in selling either service or merchandise, and we need sales-minded people in the credit department. I thoroughly protest any classification of the credit department as non-selling, because we have many selling functions. The interviewer must sell the customer on giving information needed for processing the account. She must sell the customer the type of account suited to her needs. If this is properly done it eliminates many future collection problems and builds good will. One of the most important functions of the credit department is to sell the sales people on the idea that we are anxious to help

them make sales. The collection department must sell the customer on the idea of keeping her account current. We must sell management on the importance of the credit department in a successful operation. We must sell the customer that our store is a good place in which to do business.

4. Keep "Open to Buy": It is essential to a buyer that his department moves merchandise through sales, so that he is open to buy each season, and that this is a continuing operation, so that he always is open to buy the new things that develop.

Credit departments have a twofold responsibility on "open to buy"—first, they must be able to take on added receivables in order to promote credit service, and second, they must keep their customer in an open-to-buy position by collection of the account. If this twofold result is to be obtained, collection effort must be carried out in a constant, consistent and courteous manner. Surveys show that 17 per cent of 30-day past-due customers will go elsewhere for their merchandise, 53 per cent owing bills 60 days past-due will pass your door, and 71 per cent of the people whose accounts are 90 days overdue will patronize competitors. The paid-up customer is open to buy and is the best potential customer for additional business.

We should extend credit liberally with terms to fit our customer's ability to pay. Having done that, collection procedures should move along steadily to collect outstandings promptly so that the customer will feel free to buy more merchandise.

5. Keep a Clean Stock—Take Markdowns: A buyer cannot always select merchandise that will move quickly and have no markdown. Neither can a credit manager select perfect accounts. A department cannot run without markdowns. We need to be liberal in approving applications for credit. If I were a store owner or manager, I would be more concerned that my credit manager would be too strict than that he might be too liberal. Borderline cases sometimes result in markdowns, but they are necessary if we wish to maintain volume. The charge-off in a credit department is our markdown.

6. Have the Wanted Item and Promote It: Good promotion like good salesmanship includes determining the customer's needs and helping her obtain those needs. Credit service should be convenient, suitable and flexible. In the market there is an expression, "knock it off" (meaning one manufacturer copies another's design). Alert, competitive credit departments should be quick to "knock it off" when they are able to adapt a new idea to their operation to get more profitable business.

7. Maintain Markup: This is based on the successful carrying out of the other phases of merchandising credit service. We must perform a total credit function that will ultimately be of real benefit to our firm and our customer.

★★★

How NOT to Extend Credit

I WAS WITH a friend the other day when he applied for credit at a Birmingham store. He saw a piece of merchandise that struck his fancy and learning that the price of \$152.75 was to his liking, he decided to buy it.

As the clerk started to write up the order he asked in a low, almost inaudible voice, "Is this cash or charge?" When my friend remarked that he would like to make a charge of the purchase, the clerk's curt reply was, "You'll have to go to the credit department." The manner in which he expressed himself and told us how to open an account almost lost him the sale. It did not, however, because I assured my friend I was sure he would find more courteous people in the credit department.

We walked up to the counter in the credit department noticing several women working at desks and others serving people at the counter. Those at the desks did not see us and the woman waiting on the person next to us did not even look up.

We stood there for what seemed like 15, but it probably was not more than five, minutes. Everyone seemed to be busily occupied although two women passed once or twice without as much as giving us a glance. My friend was on the verge of returning to the sales clerk to tell him to cancel the order when a clerk asked if she could help us.

We were so glad to see someone actually taking notice of us that we both smiled. She smiled, too. Her greeting was so friendly and courteous that everything we had been thinking and saying to ourselves and to each other was forgotten.

Our enthusiasm died out after my friend stated his purpose and handed the woman the sales slip. Her whole personality, for some reason or other, seemed to change. Her cheerful attitude became formal and businesslike. She began speaking at us instead of to us. Her manner emphasized her importance. And again my friend was about to call a halt to the whole transaction.

Since neither of us will soon forget this experience, I wonder if credit executives realize that the success

of their stores depends largely on how their personnel treats their customers. I wonder if they also realize the extent to which the individual personality can make friends and create good will and vice versa.

We have all been taught to greet customers in a courteous manner if we expect to keep them coming to our store. We have also learned that most customers judge a firm by the welcome they receive and the helpfulness of the personnel.

Credit personnel, as well as sales people should be alert, enthusiastic and sincere. A customer should not have to wait even five minutes when applying for credit at a store. He should be greeted immediately upon his arrival and the interviewer should apologize for even the slightest delay. Every effort should be made to show the customer that the store is made up of friendly people and that it is a good store with which to do business. No one should put on a bold front simply because a customer asks for credit. If he is entitled to credit he should have it and if he is not he should not have it.

Credit people should be as cooperative as possible. They should listen intently, be polite and not interrupt the customer's answers to questions. Of all of the people in the store, credit people should show a genuine interest in the customer and go out of their way to be helpful. Their attitude should be, that since the applicant is a customer or prospective customer, they would do well to devote a few extra minutes to the interview and keep him happy instead of having some other department of the store devote months to regaining his good will.

A credit man or woman should get down on the customer's level, call him by name, and speak to him, not at him. It has been said that no music is sweeter to a customer than the sound of his name and that an interestingly expressive personality is a winsome personality. Credit people should recognize the value of this axiom the same as sales people.—*The Credit Reporter*, Merchants Credit Association, Birmingham, Alabama. ★★★

Text and Reference Books Published by the N. R. C. A.

Retail Credit Fundamentals, 390 pages	\$5.00
Retail Credit Management, 477 pages	5.00
Streamlined Letters, 497 pages	6.50
Important Steps in Retail Credit Operation, 76 pages	1.50
How to Write Good Credit Letters, 128 pages	2.25
Physicians and Dentists Credit and Collection Manual, 64 pages	2.00
Retail Collection Procedure and Effective Collection Letters, 80 pages	2.00
Retail Credit Sales Procedures and Letters, 80 pages	2.00
Hospital Credit and Collection Manual, 68 pages	2.00

NATIONAL RETAIL CREDIT ASSOCIATION

375 JACKSON AVENUE

ST. LOUIS 5, MISSOURI

Retail Collection Ratios Remain Steady

No significant change in the collection percentage of retail store charge accounts, revolving credit accounts, and instalment accounts has been noted since November 1958

CONSIDERABLE INTEREST has been shown recently in current collection figures, consequently the national office has completed a survey on this subject. Replies to the questionnaire were received from 69 stores located in 45 cities in 23 states and two provinces of Canada.

We were interested in: 1. Change in collection ratios since November 1, 1958; 2. If there were any slow spots, are these directly related to local conditions or due to other reasons?; 3. Percentage changed to bad debts; 4. Was more collection effort required?; and 5. To what extent was collection expense increased?

From the summary shown below, it appears that the majority of the stores experienced no significant change in charge account collection percentage while 39 per cent showed an increase. For instalment accounts, the majority had no significant change in collection percentage while 30 per cent reported an increase. The trend in collections compared with 1958 as a whole indicated that the majority of stores had an increase in collections. Sixty-two per cent of the stores stated that more collection effort was now required to obtain the desired results. Over 46 per cent of the stores reported a decrease in collection expense while 26 per cent reported an increase. The supplementary remarks published below regarding collection efforts and collection expenses are quite informative.

We believe these figures and comments will be of great interest to our members as they reflect a general healthy national picture.

SUMMARY

CHARGE ACCOUNTS

	Stores	Per Cent
Increase in collection percentage	27	39.13
Decrease in collection percentage	10	14.49
No significant change in collection percentage	28	40.58
No comment	4	5.80
Total	69	100.00

INSTALMENT ACCOUNTS

	Stores	Per Cent
Increase in collection percentage	21	30.43
Decrease in collection percentage	14	20.29
No significant change in collection percentage	27	39.13
No comment	5	7.25
Do not separate instalment accounts or do not carry instalment accounts	2	2.90
Total	69	100.00

Trend since November 1, 1958 compared with 1958 as a whole.

	Stores	Per Cent
Increase	27	39.13
Decrease	16	23.19
No change	23	33.33
No comment	3	4.35
Total	69	100.00

If any low spots, are these directly related to local conditions or due to any other reason?

	Stores	Per Cent
Local conditions	22	31.88
Strikes and unemployment	8	11.60
Change in terms or system	6	8.69
Bad weather	3	4.35
No comment	30	43.48
Total	69	100.00

Percentage charged to bad debts:

Charge accounts

1958

Low .02% Median .33% High 4.00%

1957

Low .02% Median .29% High 4.50%

Revolving credit accounts

1958

Low .04% Median 1.03% High 6.40%

1957

Low .15% Median 1.08% High 2.77%

Instalment accounts

1958

Low .01% Median .42% High 4.47%

1957

Low .01% Median .50% High 3.00%

More collection effort required to obtain the results reported:

	Stores	Per Cent
Yes	43	62.32
No	16	23.19
No change	6	8.69
No comment	4	5.80
Total	69	100.00

Extent collection expense increased:

	Stores	Per Cent
Increased	18	26.09
Decreased	32	46.37
No change	16	23.19
No comment	3	4.35
Total	69	100.00

Percentage increase	Low .25%	Median 5.33%	High 15.00%
Percentage decrease	Low .01%	Median 1.35%	High 11.00%

REMARKS

Was more collection effort required to obtain the results desired?

1. Better authorization and control over revolving accounts accounted for tremendous gain.
2. In order to cut down costs we eliminated every second collection contact in the late stages of collection procedure.
3. We were more aggressive in 1958 than we had been for several years.
4. We stepped up both preliminary and advanced dunning to a closer follow-up.
5. We find that we have to work harder to collect.
6. Our 1958 program was based on a more consistent follow-up, not a more harsh program but just more consistent. It kept our customers more open to buy and charge sales greatly increased in 1958.
7. We decreased our collection effort to the extent of not repossessing as soon as previously.
8. We used the same amount of effort but feel like a complete change in collection letters and notices helped considerably.
9. We made a considerable year end collection effort for the increases in December sales.
10. During 1958 at least an increase of 30 per cent greater effort was required to maintain collection percentage equal to 1957.
11. We used more pressure on collections and we added two more collectors.
12. Due to local unemployment, accounts were harder to collect.
13. We added additional help for our suspense accounts.
14. We made additional use of telephone for collections as well as adding an outside collector.

To what extent was collection expense increased?

1. None except nominal amount for postage. Most of our additional effort was by use of the telephone.
2. Our increase was due to extra notices and postage along with attorneys' fees.
3. Our collection expense increase was for postage only.
4. We set up a better collection system and subsequently increased productivity, not expense.
5. We used more telegrams in skip tracing otherwise collection expense was about the same.

The Book Shelf

Everyday Consumer Business (Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 420 pages, \$4.50). Retail credit granters will be delighted to learn that a business text has been written for use in secondary schools which has as its basic purpose "the development of the right attitudes and viewpoints" toward American industry. This book presents consumer business information written within the average student's range of experience through either his own daily activities or his family's discussion of their problems at home. The book is unique in that it is written for the exceptional student, the slow learner. The authors have maintained a low reading ability level without talking down. This treatment is a boon to business education teachers who find their slower students unable to cope with subject matter containing difficult constructions. There are three chapters dealing with retail credit that are particularly well written. *How to Order on Credit*, *How the Different Credit Plans Work*, and *The Watchdog of Credit*, among other things introduce the reader to the retail credit manager, the three C's of credit, the Charge-Plate, the monthly charge account, the time payment account, and credit bureau operations. Each chapter closes with questions on the reading assignment, opinion and attitude-forming statements, suggested topics for reports to the class, a vocabulary builder and a series of arithmetic problems. The authors, Wesley E. Scott, Fred Kane, John G. Kirk and Harold B. Buckley, are professional educators with considerable business background. Their skill in presenting the various business concepts is quite evident. Technical guidance in writing the retail credit material was furnished by Charles F. Sheldon, Philadelphia Credit Bureau. Mr. Sheldon is chairman of the membership committee of the National Retail Credit Association.



Budgeting—Principles and Practice (The Ronald Press Company, 15 East 26th Street, New York 10, New York, 398 pages, \$10.00). Authoritatively and realistically, this book gives a lucid, comprehensive exposition of the principles of budgeting for planning and coordination, as well as for control purposes. To serve as a continuing illustration, it presents a complete budget for a hypothetical company in final form and thoroughly analyzes the various segments separately and in relation to the coordinated whole. The techniques of budgeting and controlling the major categories of income and expenditure are fully demonstrated. In addition, the actual budget practices of many representative companies are illustrated by numerous examples drawn from the literature of budgeting and from the wide experience of the author, Herman C. Heiser, C.P.A. In emphasizing the formulation of managerial policies and the control of current operations and future plans, this book focuses on the management uses rather than on the routine mechanical aspects of budgeting. This practical volume is invaluable for all who are concerned with business budgeting, top management, budget directors and their staffs, professional accountants, and consultants.



A Revolving Credit Plan for Banks

CYRIL J. JEDLICA

Senior Vice President, City National Bank & Trust Company
Kansas City, Missouri

THE COMPARATIVELY new revolving credit plans now being offered by various banks across our country represent a new and interesting approach to the problem of the borrower who needs small, but sometimes large, amounts of money from time to time. It is a new conception of personal borrowing. Upon application to the bank, a revolving line of credit with a prearranged credit limit is established for the customer, which is available in whole or in part any time he wishes to write a specially prepared check against the credit. It resembles a bank letter of credit by which the customer can draw money at any time by merely writing a check.

With Borrow-by-Check, 24-hour-a-day credit is available whenever the customer wishes, wherever he is, for any worth-while purpose, without the necessity of coming to the bank to make necessary arrangements. Only one application is needed—the one at the time the line of credit is requested. Its use is designed principally for the payment of major household expenditures and items outside the normal living or operating budget, which can then be paid off in monthly payments. This would include such items as medical or dental bills, school tuition, fuel bills, taxes, insurance, home repairs, vacation travel and other similar expenditures.

Until recently only a few banks were offering this plan and in the majority of cases this was an exclusive service offered by only one bank in each city. Within the last few months, however, there has developed such a keen interest in this plan within the banking industry that a panel on the subject was presented at the recent American Bankers Association Annual Instalment Conference. Since then a substantial number of banks across the country have entered the plan and in some cities two or more banks are competing with similar services and plans. In most cases the basic plan is the same, but many have some minor variations.

It is interesting to note the many varied names used in offering the

plan. Some of the more common ones used are First Check-Credit, Check Loan, Ready Money, Instant Money-Manu-Matic and many others. Our bank, City National Bank in Kansas City, first offered the plan locally in June, 1955. We wanted a descriptive name for our plan and we adopted and copyrighted the name, "Borrow-by-Check."

The operation of the plan is simple and easy. We announced the plan in the local newspaper and with direct mail asking those interested to return a coupon for information and forms. Those who returned the coupon were sent an application form similar to our instalment loan application. When the credit is approved, the customer is furnished a supply of ten special, personalized checks which become a loan when issued by him and paid by the bank. These checks can be used anywhere, any time and for any purpose. Until a check is paid and a loan balance is outstanding, there is no charge of any kind. Once a loan balance has been established by use of one of the checks, the customer is required to make monthly payments of one twelfth of his total approved line of credit, regardless of the fact that he may have used only a portion of his line. If the Borrow-by-Check customer has a personal checking account with our bank, the monthly payment may be made by an authorized deduction from his account at his request. As each payment reduces his loan balance, it builds up by the same amount the balance of credit available to him, upon which he is free to draw again. Thus a revolving loan account is created and credit extended to the customer on a regular basis without further investigation or paper work. This is one of the keys to a profitable operation. Unless the customer abuses his credit or wants his line increased, there is no need for him to come to the bank when he needs additional money. In most cases all contacts are handled by mail.

The credit information is verified through the local credit bureau. The qualifications for credit approval are basically the same as on instalment

unsecured credit but since this is a continuing line of credit for a period of years, we are careful to see that the credit record and occupation indicate a stable and reliable credit risk. In the lower income brackets the amount of the line of credit is usually approximately equal to one month's salary or income. In the medium and higher income brackets where the individual has a larger discretionary disposable income, we will freely grant larger lines up to two or three or even more months' salary.

Although Borrow-by-Check appeals strongly to people of all ages, it probably appeals most to married, salaried workers—on the way up, raising families, buying homes, educating children, and acquiring personal property—as well as to professional people, salesmen, and others with fluctuating incomes. As a group, these people have a continually recurring need for credit; and Borrow-by-Check provides the most convenient, economical, and dignified way to obtain it.

Consider the financial problem of the salaried family head. He must meet an annual round of expense peaks that are rarely geared to his weekly or monthly income, although they may in the aggregate be well within his annual income. He may be faced with quarterly or annual additional income tax payments; periodic life, fire, and liability insurance premiums; tuition payments, vacation expenses, house painting and repairs; even fuel bills, clothing and furniture expenditures, not to mention medical costs and other emergencies. Borrow-by-Check is the one best answer, for it enables a man to meet his peak obligations in cash as they arise, and pay off in a sensible series of level monthly payments geared to his income.

We feel that the cost of this plan to our customer is fair and small. No charge at all is made for opening the account and no charge is made until the account is used by writing one of the checks against the account. Then interest is charged at the rate of one per cent per month on the outstand-

ing balance on the billing date, and there is a service charge of 25 cents per check issued and paid. Ten days before the due date selected by the customer, the bank mails a statement similar in form to those used by department stores. The statement shows the details of the account, payments made and checks paid, the maximum credit available and the amount and due date of the current payment. All cancelled checks are returned with the monthly statement.

Larger payments or the entire balance may be paid at any time. The monthly payments reduce the balance due and correspondingly increase the amount of the credit available again. The account need not be paid in full before it is used again and may continue indefinitely provided the monthly payments are paid when due and the maximum credit line is not exceeded.

At the time the account is opened, a continuing form of note or loan agreement is signed as well as a signature card for our files. We normally require both signatures on credit

lines extended to married couples but exceptions to this are made where desirable. In practically all cases, these lines of credit are unsecured although here, too, exceptions are occasionally made. In a few cases, parents have signed as cosigners for children who are attending college. Normally, however, we do not try to strengthen weak credit risks by using cosigners or other collateral.

All records are set up on addressograph plates with each plate showing name, address and city as well as the due date, account number, maximum approved credit line and minimum monthly payment. Accounts are divided into six cycles, falling on the second, seventh, twelfth, seventeenth, twenty-second or twenty-seventh of any month, based on payment date specified by the customer. Monthly mailing dates are set up for each cycle and statements are mailed to all accounts on these specified dates. Actual mailing dates will vary slightly to compensate for weekends and holidays. Each cycle control is posted 10 days ahead of

the due date on an Underwood cycle poster and statements are mailed to those customers at that time. As a part of the bookkeeping, the individual ledgers of each customer are posted with a summary of the activity for the month and the entire control proved and balanced. These ledgers are printed and spaced so that we have two years experience on each side, making a total of four years record on each ledger.

Within each of the six cycles, accounts are filed alphabetically. Each account consists of a pocket formed by the history ledger in back and the signature card in front. Each day the new checks written by these customers are sorted to this department, separated into six controls, totaled, microfilmed, sight-posted to the individual accounts; then each check is placed in the proper pocket. Payment slips are similarly processed and filed. The totals of each day's entries are posted to the six controls. In sight-posting the new checks, signatures are compared as well as seeing that the new advance will not overpay the account.

How
CITY NATIONAL'S
LOW COST
BORROW-BY-CHECK
ACCOUNT

Operates

City National's Borrow-By-Check account is simply a revolving loan account with a pre-arranged credit limit against which you may draw checks at any time to pay bills or purchase goods and services. Its use is designed principally for the payment of major household expenditures—those which you may prefer to budget.

THE COST IS LOW

Upon Bank approval you are furnished special personalized checks which when paid by the Bank automatically become loans to you. Interest is charged at the rate of 1 per cent per month on the outstanding balance plus a service charge of 25 cents for each check paid.

YOU GET A MONTHLY STATEMENT

You select the monthly payment date most convenient for you. About 10 days prior to your selected date the Bank mails you a statement similar in form to those used by department stores. The statement shows the details of your account including the maximum credit available and the amount and due date of your current payment.

NO CHARGE UNLESS USED

WITH GOOD CREDIT
It's Easy to Open a
BORROW-BY-CHECK
ACCOUNT

Available only at
CITY NATIONAL
Bank & Trust Company

Simply complete the application blank and mail it to the bank. No interview is necessary.

You may open a joint account or one in your name alone. You will be contacted by the bank within a few days after you mail the application blank. Upon approval of your application you sign a simple agreement (which continues until either you or the bank cancel it) and then you receive your special checks.

Then you may write one or more of these special checks anywhere or any time for any purpose you desire as long as the total balance owed does not exceed the credit limit established on your Borrow-By-Check account.

This plan is set up to enable you to budget annual expenses or purchases outside of your normal living expenses. Only in exceptional cases should the line of credit be used at or near the maximum amount for an extended period of time. Good banking practice would suggest a substantial reduction in the amount of credit used from time to time.

DO IT NOW
DON'T WAIT

Monthly Payments

You have up to 20 months time to repay Borrow-By-Check accounts. Your minimum monthly payment will be equal to one-twentieth of the amount of the loan (and if more than one loan is outstanding an amount equal to one-twentieth of the amount owing at the time the last loan was made or check paid), with a minimum payment of \$10.00 a month.

To give an example: An applicant applies for and is granted a line of credit up to \$1,000.00. He may draw checks up to that amount at any time. Then he draws a check for \$500.00, thus owing \$500.00 a month. He continues to pay \$10.00 a month for five months more, reducing the balance owing to a check for \$400.00. Now he owes \$400.00, plus accrued interest. He then writes a check for \$400.00. Now he owes \$200.00, plus accrued interest and his minimum payment will now be one-twentieth of \$200.00, or approximately \$10.00 per month. These monthly payments will continue until he writes another check, which will again prove his monthly payments to one-twentieth of the amount owing then.

Example correct

IMPORTANT REMINDER

Effective at once, minimum monthly payments on all Borrow-By-Check accounts will be one-twentieth of the amount of the loan (and if more than one loan is outstanding, an amount equal to one-twentieth of the amount owing, at the time the last loan was made or check paid), with a minimum payment of \$10.00 a month.

You may prefer to pay your account in a shorter time than the maximum time of twenty months. You may pay larger payments, in any amount, exceeding your own convenience, thereby reducing the amount owing as well as reducing the amount of the interest and at the same time increase the amount of credit available under your line of credit for future needs or purchases.

January 27, 1959

CITY NATIONAL BANK AND TRUST COMPANY
HA 1-1721 18th and Grand Kansas City 41, Mo.

PAST DUE REMINDER

We have been expecting the remittance of your \$ _____ BORROW-BY-CHECK payment since _____

We realize something has prevented you from making this minimum monthly payment, but it is important that you do so now.

Please remit your _____

BORROW-BY-CHECK DEPARTMENT

If you have already remitted - Please disregard this notice.

CITY NATIONAL BANK AND TRUST COMPANY
HA 1-1721 18th and Grand Kansas City 41, Mo.

PAST DUE REMINDER

Once before we sent you a reminder on your BORROW-BY-CHECK account. Now we must remind you that your account is past due from _____ for \$ _____

Your record of prompt payment helped establish this line of credit - a valuable asset for you. Prompt payment is the basis of your continued use of BORROW-BY-CHECK. If you have not already done so, please see that your minimum monthly payment is made or get in touch with us at once.

BORROW-BY-CHECK DEPARTMENT

If you have already remitted - Please disregard this notice.

In case the customer has written a check that will cause his balance to exceed his credit line, the check will be returned with the explanation, "Refer to maker." This happens very rarely and usually we can contact the customer and get the matter adjusted without the necessity of returning the item. We also have adopted the policy of paying over small amounts if they do not cause the balance to run more than 10 per cent over the maximum of the line. In all these cases we call the customer and warn him to stay within his line in the future.

Our files are housed in a "one hour Class C Label" Diebold Insulated Cycle file desk. This is a very sturdy fireproof file, convenient in operation and with space for approximately 10,000 accounts.

Now let us give you some results from our operation of the plan for a period of nearly four years. Approximately 3,550 lines have been approved, with total commitments made of \$1,420,000, or an average line of a little over \$400. The rejections are quite high as newspaper advertising brought in a lot of unqualified applicants. Our credit standards, too, have been reasonably high, but in our opinion not out of line for this continuous type of credit.

To many of those for whom we decline to open a line, we offered and made secured loans using cars, furniture, etc., as security when we did not feel we wanted an open continuing line with them. In the first six months, we approved 1,259 lines with about the same average line of \$400. Each month we approve more additional lines but we have found that the business will not continue to grow without considerable promotion on a continuous basis.

At the end of six months time (December 31, 1955), we had outstanding credit in use of \$275,000 which was 55 per cent of total lines approved at that time; at the end of 1956, \$479,183 was in use; at the end of 1957, \$553,768 was in use; and at the end of December, 1958, \$601,000 was in use, which was 55 per cent of total lines approved. Currently outstanding is a little more than \$750,000.

It is our policy, and that of the other banks in this program, to close an account moving out of the city or trade territory. Exceptions are of course made, particularly where the move is temporary or where the customer maintains other banking relations with us. Some accounts are

also closed for reason of delinquency and/or slow pay.

We have found that the activity on this type of account averages about one check per month per account with the average check being about \$60. Delinquency runs about one per cent in number of accounts 30 days or more past due. Gross charge-offs to date have run about one fourth of one per cent to liquidation with some recoveries currently being made.

During the first six months of our Borrow-by-Check operations, our gross income was \$9,072.00, with expenses of \$29,327.00, making a net loss of \$20,254.00. Included in these expenses were \$12,075.00 for advertising, \$2,818.00 for the file cabinet and poster, as well as over \$2,000.00 for materials and supplies. During the calendar year of 1956, we made approximately \$21,000 after all out-of-pocket expenses, rent, cost of money, etc., so that you will see we broke even at the end of 18 months. Currently we are netting approximately 7 per cent on money invested, after all expenses but before taxes. While this amount of volume and net income earned is not too sizable a sum as yet, the plan is growing constantly and this profit is in addition to the many collateral benefits to the bank from these same customers.

Delinquency Follow-Up

Our delinquency follow-up begins with a first notice on the seventh day after the due date and a second notice on the 14th day. On the 20th day (ten days before the due date) we again bill the customer and by means of a rubber stamp placed on the statement we call his attention to the amount past due; the notice, "As your 'Borrow-by-Check' account is now past due, we cannot pay any additional checks until your account is current," is stamped on his statement. At that time the ledger card is tabbed and no more checks will be paid until the account is current. Usually that brings in both payments and puts the account up to date. If this customer becomes past-due again, we either close the account permanently or have the customer contact us so that future relationships can be worked out.

One of the problems under this plan is how to devise a procedure to automatically reapprove and revise the credit files. Actually we are continuously revising the credit limits on the basis of performance or paying record. In addition to this, our local credit bureau furnishes us on these Borrow-by-Check customers

on a reciprocal basis, a copy of all new credit reports and information regarding divorces, suits, deaths, etc., at a nominal fee. We do not hesitate to call or invite into the bank anyone who abuses the plan in any way. We have found, however, that very few abuses occur. These customers are a carefully selected group of people who are well established in their jobs and living habits and can be depended upon to service their obligations in a satisfactory manner.

This Borrow-by-Check revolving credit is a new idea and, like any new idea, must be "sold" and promoted to the public before gaining their acceptance. We have found that the best media for advertising is direct mail, with perhaps newspapers second in order. Of course, personal contacts by our officers and employees would rate high, but it is difficult to command their continued interest. We have found that radio, television and billboard advertising is so brief in context that it is hard to convey any real description of the plan or even to create a real interest in finding out more about it. Newspaper advertising has value but brings in many unqualified applicants. All of these media are expensive considering the value received from them directly on this plan. We have, therefore, used a considerable quantity of direct mail in promoting Borrow-by-Check. Some of this was sent to select names from clubs, doctors and dentists, and other available lists. We mailed a descriptive folder with an accompanying signed letter. We have also mailed booklets, only to residence lists of the better sections of our city and addressed by name and address (not to "Householder"), and have had reasonably good results. We are presently continuing concentration on direct mail, with a small amount of money spent on the other media. Our advertising figures indicate that over the four-year period of our operations, it cost us \$5.00 per application and about \$7.20 per approved plan.

Credit life insurance is not included under our plan. Some of the other revolving credit plans do include credit life insurance, but we do not care to absorb the expense of this with our present rate and prefer to offer our plan at the one per cent rate. Some banks in the plan offer the insurance and charge a small monthly charge for it.

Because of our excellent experience, in January 1959, we liberalized our revolving credit plan, raising the maximum amount of the line from \$1,200.00 to \$1,800.00 and

raising the maximum term from 12 months to 20 months, with the new required minimum payment being one twentieth of the amount owing (with a \$10.00 minimum payment) rather than one twentieth of the amount of the line. We announced this change with a full-page advertisement in the local newspaper headed, "Now Cash on a Charge Account." This advertisement created considerable interest and resulted in over 1,500 inquiries, with a considerable number of new accounts. This change has been well received by all of these customers and has renewed interest in the plan as well as increased the usage considerably. This change did not affect our operating methods except as to the amount of the payment made.

Many of those banks recently entering the plan have offered 12-month plans, but a few are starting with either 15- to 18- or 20-month plans. We believe that the more liberal terms add considerably to the attractiveness of the plan to the public.

We believe that our Borrow-by-Check plan is sound, profitable and a worth-while permanent service to our community. It is sound because all of us believe that the American public is fundamentally honest. The extension of credit in reasonable amounts to individuals properly selected, who are honest and reliable and who have proven by their credit records that they respect their obligations, is sound, and this has been proved by the instalment operations in all of our banks as well as the operation of the various revolving credit operations.

Another Banking Service

It is worth while because it offers another banking service to our respective communities which is not only convenient to our banking public, but also brings in new customers to our banks who are exposed to and can be sold many of our other banking services. Not only does this service net the bank a reasonable profit, but also these other collateral benefits add considerably to the value of the plan. Approximately 60 per cent of the Borrow-by-Check accounts are new customers to "City Bank." All are solicited for regular checking at the time the account is opened and many accounts are opened then or later as a result of this solicitation. In addition, many safe deposit boxes have been sold, and as a result of mailings from time to time, savings accounts and other services are offered to these

customers. A considerable number of automobile, home improvement and other loans also come from this group of customers.

We do not feel that this plan has hurt our instalment loan operation in any way, but rather that this plan is a natural and profitable additional service which complements and aids our instalment lending division. Our unsecured direct instalment loans have continued to increase during these four years.

A large number of banks are currently considering the plan and the advisability of offering it to their customers and community. Every bank that now has a volume of unsecured personal instalment loans is already giving the same service but on an individual note basis on each advance of credit. Under the revolving credit plan only one interview is required (and even the majority of these accounts are opened by mail), and the borrower can expand or contract his credit needs as he wishes within the limits of his line of credit.

Size of Community

The question is frequently asked, "How large a community and how large a volume is necessary to make such a plan profitable and desirable?" We do not know the exact answer to this problem. This plan can be operated on a small scale if desired and the bookkeeping handled in the same manner as your present instalment operations without buying a lot of additional equipment. The initial costs need not be heavy and personnel can be added as the business grows. The advertising and promotional costs can be held to any amount desired. Probably the determining point should be an analysis to see what usage might be expected and what results are hoped for in extending this service. If expenses are kept in line and operating economies are carefully watched, it is our belief that even a comparatively small operation might be desirable and profitable.

Some of the banks recently entering the plan have come up with variations from the standard plan. One bank insists on paying off all existing obligations when opening a line of credit for the individual. Another offers free interest for 25 days. It will be most interesting to watch these ideas develop as more and more banks offer this new, interesting instalment loan service to their patrons. It is our opinion that this service is here to stay—a permanent and profitable addition to our instalment loan program. ★★★

**PAST DUE
accounts got
you down?**



**SPEED UP
COLLECTIONS
WITH**

**Curtisee[®]
MAILERS**

**EASY
TO USE**

**THRIFTY
TO MAIL**

3 units in one. Outgoing Envelope, Delinquent Notice and Return Envelope.

CURTISEE MAILERS are delivered folded and sealed, ready for addressing.

- You save collating, folding and sealing time.
- The handy Return Envelope invites immediate action.
- Can be mailed at low third-class postage rates.

1000 UNIVERSITY AVE., ST. PAUL 4, MINN.

Curtis 1000 Inc.

Please send kit of CURTISEE MAILERS for collecting delinquent payments.

NAME
FIRM
ADDRESS

Clip this coupon to your letterhead.

CREDIT FLASHES

Management Program at Michigan State

The College of Business and Public Service and the Continuing Education Service at Michigan State University have announced a new program which will provide vision and direction for executives in the retailing industry. The *Executive Program in Retail Management* is a one-week program to be presented from July 12 to July 17, 1959, at the Kellogg Center for Continuing Education on the university campus at East Lansing, Michigan.

In the area of Retail Control and Decision Making, the program will cover inventory management, operations research, managerial accounting, sales forecasting, and expense management. Policy Formulation classes will include a new concept of retail functions, supplier relations, merchandising decisions, physical distribution, and interurbia concepts and shopping centers. In the sessions on Market Opportunities and Customer Relations, price and cost theory, motivation research, communications concepts, applied to advertising and promotion, and modern fashion theory will be discussed. The Management of Human Resources in Retailing area will emphasize human relations research, measurement and improvement of employee productivity, and development of the executive staff.

This program is intended for executives within the approximate age range of 35 to 45 years, who have already had considerable experience and hold positions requiring the ability to make decisions and take appropriate executive action. Several participants are expected from each of the following types of retail organizations: variety chains, drug chains, food chains, shoe chains, hardware stores, furniture stores, department stores, and mail order chains.

Companies who are interested in the program may obtain further information by writing to Dr. Ole S. Johnson, Program Director, The Executive Program in Retail Management, 103 Business Administration, Michigan State University, East Lansing, Michigan.

Voluntary Debt Counselling Service

"Most persons in debt want to pay their honest bills. Most creditors want to give them a chance. Our aim is to develop a plan, tailored to the needs of each individual case, to meet that particular situation." This statement by Joe E. Moore, credit manager for Diesel Oil Sales Company, Seattle, Washington, and chairman of a new, volunteer counsellor committee of the Retail Credit Association of Seattle, keynotes the association's novel new program designed to help people work out a payment schedule for their debts which they can meet and which assures their creditors of full return. The plan provides free, confidential, and individual counselling for people who find themselves overloaded with payments. It gives them professional advice on their problems from the specialist in the field—their local retail credit association. The month-old Seattle program and a three-year-old, highly successful similar plan in Spokane are at present the only two such voluntary services available in the United States.

Coming District Meetings

District Eight (Texas) will hold its annual meeting in conjunction with the 45th Annual International Consumer Credit Conference, Dallas, Texas, June 21, 22, 23, 24, and 25, 1959.

Article on Customer Relations

The article, "Customer Relations," in the May issue of *The CREDIT WORLD*, by J. C. Gilliland, President, National Retail Credit Association, has aroused a great deal of interest. If you have not read this article yet, we suggest that you do so as it is very worth while. "Customer Relations" was originally an address made by Mr. Gilliland at the Canadian Consumer Credit Conference at Windsor, Ontario, Canada, on February 17, 1959.

David A. Hogben

David Allan Hogben, 45, regional credit manager for the Prairie Division of the British American Oil Company Ltd., Regina, Saskatchewan, Canada, died at his home on April 16, 1959. He had been credit manager in Regina for the past three years, and had previously spent 20 years with the British American Oil Company Ltd. in Toronto. A very active member, he belonged to the Regina Retail Credit Association, the Canadian Credit Man's Trust Association, and the Canadian Credit Institute. He is survived by his wife and three sons, David, Earl, and Paul, to whom we extend our deepest sympathy.

—Positions Wanted—

CREDIT MANAGER with 15 years' experience in retail credit management desires change. Complete knowledge of credit department organizing and control. Prefers New England but not a requirement. Complete résumé on request. Box 6591, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

CREDIT SALES AND COLLECTION MANAGER, age 34, married, one child. College degree, presently employed in Midwest, will relocate. Eight years' credit and collection experience in department and jewelry field. Experienced in all types of credit accounts. Complete résumé on request. Box 6592, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

CREDIT EXECUTIVE with nine years' experience in credit and collections. Also experience with credit bureau and department store operations. College graduate. Excellent references. Will relocate. Box 6593, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

DEPARTMENT STORE CREDIT SALES MANAGER. Family man, 40, experienced in setting up and selling credit plans including revolving and option. Experienced collector and complete office administrator. Best references. Consider only Southwest. Box 6594, *The CREDIT WORLD*, 375 Jackson Avenue, St. Louis 30, Missouri.

Mrs. Evalyne Preuit Chilton

Mrs. Evalyne Preuit Chilton, widow of James E. R. Chilton, Sr., founder of the Merchants Retail Credit Association, Dallas, Texas, died on May 6, 1959, in a Dallas hospital. She was the mother of J. E. R. Chilton, Jr., and Howard G. Chilton, each of whom has served as president of the Associated Credit Bureaus of Texas and the Associated Credit Bureaus of America. Mrs. Chilton died a few hours after she was stricken with a heart attack. She lived at the Crestpark Hotel, Dallas, and had been a resident of Dallas for 66 years. Mr. Chilton died in 1946.

Born in Mineola, Texas, on November 23, 1877, she was the daughter of William Benjamin Preuit and Elizabeth Jones Preuit, both of whom taught school in Texas during the years immediately following the Civil War. While still a child, she moved with her parents to Abilene, Texas, and then to Dallas in 1893. She married in Dallas on December 3, 1901.

During the early years of the Merchants Retail Credit Association, which Mr. Chilton founded in 1897, she worked as her husband's office assistant, and in this occupation she learned the business of the Association. In the years that followed she saw the firm grow and expand with the ever-increasing use of consumer credit.

In 1917 in Cleveland, Ohio, she witnessed Mr. Chilton's election as the third president of the National Association of Mercantile Agencies, the predecessor of the Associated Credit Bureaus of America; and, a year later in Boston, Massachusetts, she saw him re-elected to this office. Two of the greatest rewards of her life were to come later when her two sons, who followed their father in the credit association field, were elected to this same office.

Continuing through the years her active interest in the field of credit, she attended many state and national credit conferences. On July 20, 1954, in San Francisco, California, the Associated Credit Bureaus of America presented her with a membership in ACBoFA's Legion of Honor as a tribute to her "... unique and unusual contributions to consumer credit and to credit bureau industries for over fifty years ... and ... as an inspiration to the members and leaders of our Association." The plaque presented to her on this occasion was proudly displayed in her apartment.

She was a constant reader of *The CREDIT WORLD* and of the publications of the Associated Credit Bureaus of America. Through these magazines she was always in contact with her many friends in the world of credit. As late as June 1957, she was present at the International Consumer Credit Conference held in Miami Beach, Florida; and she had completed plans to attend the credit conference to be held in Dallas.

Mrs. Chilton had been a member of the First Presbyterian Church in Dallas since 1905 and was an active member of the Women's Bible Class. She was one of the first sponsors of the Business Women's Circle of that church and served as a neighborhood leader.

Besides her two sons, she is survived by four grandchildren, J. E. R. Chilton, III, Margaret Ann Chilton, Evalyne Wynne Chilton, all of Dallas, and Howard G. Chilton, Jr., of Baltimore, Maryland; and by one great-grandson, William Edward Chilton, the son of J. E. R. Chilton, III.

We in the National Office, as well as our officers, directors, and members throughout the country, extend to the Chilton families our deepest sympathy in the loss of one so dear to them.—L. S. Crowder.

David K. Blair Receives Award

David K. Blair, First Vice President of the National Retail Credit Association and Credit Manager of H. Liebes & Company, San Francisco, California, was awarded on April 15, 1959, by the Boy Scouts of America the Silver Beaver Award, the highest honor given to a volunteer, for distinguished service to boys. The presentation reads:

"This candidate for the Silver Beaver Award has been in Scouting for nearly 25 years, beginning as a Scout in Alameda and later as a leader almost without interruption throughout his adult life in the different communities in which he has lived. He has also been active in his profession and in business circles. He is father of two Scout sons.

"This Scouter has served several Boy Scout Councils in various capacities—on Troop committees, leadership training committees and commissioner staffs. He has conducted a number of training courses and himself received the Scouter's Training Award. Since 1956 he has been highly effective in building up and maintaining an active and efficient Sea Explorer organization in the San Francisco Council. He is an enthusiastic proponent of this phase of Exploring and for the past few years has devoted many hours to this program for older boys in Scouting.

"He was general chairman of the San Francisco Council Scouters' Appreciation Dinner in 1954, has served as District Commissioner for the Lake Merced District, as a Sea Explorer Commissioner and chairman of the Council Sea Explorer Committee. He is Credit Manager of H. Liebes & Co. and is currently First Vice President of the National Retail Credit Association, having held various offices in that organization, including National Convention Chairman. He has also served as President of the Property Owners Association for his community and on the Board of the First Congregational Church of San Francisco. It is a genuine pleasure tonight for the San Francisco Council to recognize for distinguished service to boyhood Sea Explorer Chairman David K. Blair."

Mr. Blair is very proud of this award, for few men ever receive it.



Shown here are the men who received the Silver Beaver Award by the San Francisco Council, Boy Scouts of America. From left to right they are: President Walter Heller of the San Francisco Council presenting the award to David K. Blair, head of the Sea Scout Program for San Francisco, and Howard I. Stites, who has been active in scouting 47 years.

CREDIT DEPARTMENT

Letters

LEONARD BERRY

JUST WHAT do we mean by verbosity? Simply: Using more words than needed to express thought. Synonyms: wordiness—prolixity—redundancy.

Most business letters could be cut by between 25 and 50 per cent and greatly improved at a saving in expense. For proof, take your carbons, say for the past few weeks, and strike out the words you feel can be eliminated without destroying meaning or making the letter seem curt. Verbosity robs the letter of clarity and conciseness. If meaning is buried in the mire of "too many words," the reader will not know what you are trying to say and probably will not take enough time to find out.

Of course, do not overdo this cutting! Business letters have another mission than just the one of telling a message. They must build good will. Every letter you write is your personal representative . . . it is *you* in writing! Consideration, appreciation, graciousness and thoughtfulness, all have a part in the creation of letters that tell and sell. No one knows, for example, the degree of animosity a harsh, angry collection letter aroused in the mind of a sensitive customer. No figures are available of how much lost cash business resulted from an abrupt letter declining credit. No way exists of computing the amount of business driven to competitors because of a cold letter refusing an adjustment.

But, you may be sure, a great deal.

Profitable business is founded on smiling salespeople, thoughtful service and friendly letters. So, cut your letters intelligently. Use the scalpel skillfully. Just eliminate *unnecessary* words. Your success as a business correspondent depends absolutely upon the words you use. You may have all the good qualities of enthusiasm, industry and loyalty to your firm, but also you must have ability to select words that sparkle and sing and sell . . . to put that fine personality of yours on paper.

Words are the tools of your trade . . . words are your opportunities . . . words are golden keys to unlock your reader's closed mind. What we are aiming for is: Ability to write attention-compelling, benefit-promising, good will-building business letters. Let us not befuddle readers with long, involved sentences, moth-eaten expressions, and too many words.

Words create emotion. And, that is what we want. But we want favorable emotions. So we must use words that people like . . . that make them want to do as we suggest. That means selling them . . . it means coaxing them to action.

Sentimentality is still a big word in business. People generally do things because they want to do them. Action springs more readily from the heart than from the reason. Customers can be "swayed" by the way you say it. Why not take advantage of this powerful lever in business letters?

Instead of using words that people do not like, such as: Fail. Delinquent. Dissatisfied. Complaint. Compel.

Demand. Annoyed . . . all *lead* words; we should use words that people do like, such as: Successful. Satisfied. Confident. Cooperative. Assurance. Benefit. Pleasure. Privilege. Wonderful. Gratified . . . all *golden* words!

Most of the letters you have occasion to write are credit sales promotion or collection letters. These are the two largest areas of departmental correspondence. Why do you suppose some credit sales promotion letters out-pull others five to one? Surely because of the words used in those successful letters. Why do some collection letters bring checks by return mail while others bring angry and resentful complaints? Not so much by *what* was said . . . but by *how* it was said.

Words are important. Use happy, optimistic, encouraging words . . . words that make people feel more important, happier, bigger. Avoid the sandpaper words—words that infuriate people—make them angry. Use **YOU** ideas and **YOU** words. That's the way to produce selling letters.

This Month's Illustrations



We are grateful to E. Bland Cresap, Manager, Credit Bureau of Colorado Springs, Colorado for his cooperation in obtaining such a fine selection of letters and forms for us this month.

Illustration No. 1. It is not often that we have the opportunity of showing a letter from a commercial photographer, and we certainly are glad to show this one. Stewart's, Commercial Photographers, send an attractively printed "Courtesy Credit Card" with this excellent letter.

Illustration No. 2. A friendly and nicely worded collection letter used by Kaufman's. This has the light and inoffensive touch required for success in the early stages of collection.

Illustration No. 3. This collection reminder is used by Johnson Pontiac. This was one of several such notices sent by Johnson Pontiac, all of them carefully worded and courteously phrased. Printed notices for early stage collection are inexpensive and effective.

Illustration No. 4. A credit sales promotion letter used by Neufeld's, Apparel Shop, sent to inactive charge account customers. It pays to keep in touch with inactive account customers and to advise them when special merchandise events are coming up. Every inactive account customer represents an unused investment of \$10.00 or more.

Illustration No. 5. We are always glad to show a letter from a bank. Here is an excellent one from The First National Bank thanking the customer for prompt payment and returning the contract marked "Paid in Full." It is excellent public relations to rejoice with the customer when a long term credit transaction is satisfactorily concluded.

Stewart's
COMMERCIAL PHOTOGRAPHERS **KODAK** PHOTO SUPPLIES
121 NORTH TOWN STREET
COLORADO SPRINGS, COLORADO

May 1, 1959

Mr. John Doe
1000 W. El Paso Street
Colorado Springs, Colo.

Dear Mr. Doe:

It has been a pleasure to handle your account on which you recently completed payment.

You may be sure we greatly appreciate the satisfactory manner in which you have made payments on your account. We are therefore enclosing for your personal use a Courtesy Credit card which signifies that you are a preferred customer. Show this card whenever you wish to make a charge or installment purchase and you will receive our special attention.

We hope that you will continue to make our store your photographic headquarters and, if we can be of service at any time, please let us know.

Thanks again for the opportunity to serve you.

Most cordially,

C. H. Woodruff
C. H. Woodruff
Manager

COURTESY CREDIT CARD

Issued to Mr. John Doe
for
This card certifies that the above-named person is a preferred customer of our store because of the prompt and satisfactory manner in which payments have been made on the account.
This record entitles the person to whom this courtesy card has been issued to every consideration here when further use of the account is desired.
Sincerely,
C. H. Woodruff
Manager
121-2228

Customers Say they appreciate being informed promptly when their account becomes overdue . . . as it is often an oversight.
Your Payment of \$ _____ was due _____
and we will appreciate your continuing on or over.
JOHNSON PONTIAC, INC.
Phone MA 3-3737
If you have already mailed remittance, many thanks.

MORTYNE NEUFELD

FEMINE APPAREL

NEUFELD'S
COLORADO SPRINGS
COLORADO

Dear Customer:

We notice that you have not used your charge account with Neufeld's for a long while. We are naturally concerned about it; for we greatly prize your friendship and patronage. We are especially glad when you use your charge account to take care of your purchases. It affords us an intimate opportunity to know your needs and to learn whether you are receiving the service to which your account with us entitles you.

With the new season we want you to know that, as never before, we are prepared to care for your apparel needs. Our stocks are most complete and our friendly salesladies are anxious to help you.

Your charge account is still open and awaiting your orders; so the next time you need anything in our line come in and say "Charge it". We will be very happy to have you enjoy the privilege of your charge account at Neufeld's.

Sincerely yours,

Morton Neufeld
Neufeld's, Inc.

Kaufman's

COLORADO SPRINGS, COLORADO

WALTER C. KAUFMAN
PRESIDENT

JOHN C. KAUFMAN
VICE-PRESIDENT

2

Dear Customer:

JUST A FRIENDLY REMINDER

Had you forgotten? According to our records, the payment on your budget account in the amount of \$ _____ is past due.

Won't you please place your remittance in the enclosed business reply envelope and mail TODAY?

Thanks a lot for your immediate cooperation.

Very truly yours,

KAUFMAN'S

Credit Manager

P. S. If payment has been made within the last few days, please accept this as another "Thank You".

First National Bank

COLORADO SPRINGS, COLORADO

May 12, 1959

Mr. John Doe, Colorado Springs, Colorado

May 12, 1959

Mr. John Doe
Colorado Springs,
Colorado

Dear Mr. Doe:

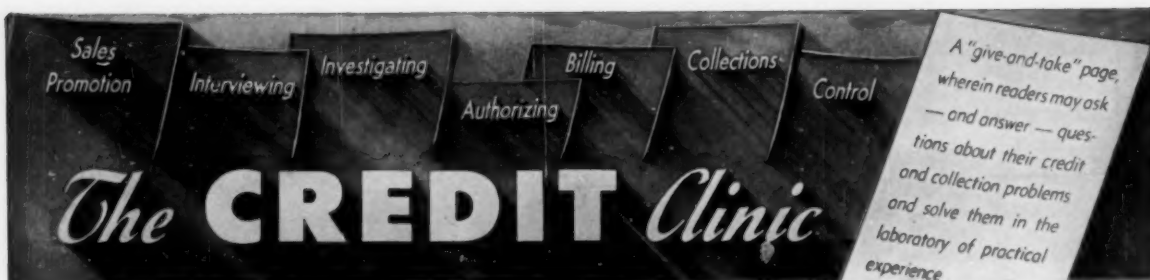
We appreciate the very prompt way you took care of your contract with us today and we are enclosing the supporting papers which we had on the loan.

You have established a very high credit rating with our bank and we sincerely hope you will call on us in the future for any needs you may have with which we can assist you.

It was a pleasure to have your account and we sincerely hope you will return soon, if you have any financial problems or financing with which we may assist you.

Yours very truly,

Installment Loan Department



Banking and Finance

QUESTION

"What are current terms and what rates are being charged in the financing of:

- a. New cars?
- b. Used cars?
- c. Major appliances?"

ANSWERS

L. A. Brumbaugh, Vice President, Valley National Bank, Phoenix, Arizona, Third Vice President, National Retail Credit Association: The Valley National Bank finances the purchase of cars upon the following basis: 1959s (New), 90 per cent of dealer's cost, 30 months at six per cent; 1959s (Used), two-thirds of value in *Used Car Guide*, 30 months at seven per cent; 1958s (To 6-30-59), two-thirds of value *Used Car Guide*, 30 months at seven per cent; 1958s (After 6-30-59), two-thirds of value in *Used Car Guide*, 24 months at eight per cent; 1957s-1955s, two-thirds of value in *Used Car Guide*, 24 months at eight per cent; 1954s-1953s, two-thirds of value in *Used Car Guide*, 18 months at eight per cent. We finance the purchase of appliances upon the following basis: \$1,000.00 or less, 90 per cent of cost financed, 24 months at seven and five-tenths per cent; \$1,000.00 and up, 90 per cent of cost financed, 36 months at six and five-tenths per cent (Over \$1,000.00 net).

Babe Cialone, Assistant Vice President, The Merchants National Bank of Fort Smith, Fort Smith, Arkansas: The terms we are recommending to our dealers in line with current conditions are as follows: 1959, Minimum down payment, 30 per cent, 36 months; 1958, Minimum down payment, 35 per cent, 30 months; 1958-1957, Minimum down payment, 35 per cent, 24 months; 1956-1955, Minimum down payment, 40 per cent, 18 months; 1954 and older, Minimum down payment, 40 per cent, 12 months. (After new models have been out for six months, terms on the current models and the previous year's models length of terms are reduced six months. For example, after the 1959 models have been out for six months, the recommended terms are reduced to 30 months, while on the 1958 models, the terms are reduced from 30 months to 24 months.) The recommended down payment terms on major appliances is 20 per cent with the maximum term of 24 months. In many instances the large department stores that carry their own paper will carry major appliances and furniture with a minimum down payment of ten per cent up to 36 months to pay. These terms, as outlined, are to be used as a guide and may vary with the individual's ability to pay, and depending on the length of time he has lived and worked in the community.

F. W. Peterson, Assistant Vice President, California Bank, Los Angeles, California: Indirect—Automobile Dealer Paper—1959 New-Used, Maximum Advance 100 per cent factory invoice, terms 36 months, rate four

and five-tenths per cent; 1958 Used,* Book Wholesale, 30 months, five per cent; 1957 Used,* Book Wholesale, 30 months, five and five-tenths per cent; 1956 Used,* Book Wholesale, 24 months, five and five-tenths per cent; 1955 Used,* Book Wholesale, 24 months, five and five-tenths per cent; 1954 Used,* Book Wholesale, 18 months, five and five-tenths per cent plus \$10.00; 1953 Used,* Book Wholesale, 12 months, five and five-tenths per cent plus \$10.00; Indirect—Major Appliance Dealer Paper—New Major Appliances, Minimum Down Payment ten per cent of cash selling price, terms 36 months, rate seven per cent. The above are all with recourse, under terms of Repurchase Agreement. Direct—Automobile Transactions, 1959 New, Maximum Advance 60 per cent of cash selling price, terms 24 months, five per cent; 1959 New, 70 per cent of cash selling price, 30 months, five and five-tenths per cent; 1959 and 1958 Used, 70 per cent of cash selling price, 30 months, six and five-tenths per cent; 1957, 1956 and 1955, two-thirds of cash selling price, 24 months, seven per cent; 1954, two-thirds of cash selling price, 18 months, seven per cent. The loan value will be percentage shown or two-thirds of Book Average Retail, which ever is lower, but not to exceed Kelley Blue Book Wholesale.

Andrew J. Hundertmark, Vice President, Union Trust Company of Maryland, Baltimore, Maryland: It will be necessary for me to answer your question in two ways in order to give effect to the direct and indirect plan of financing, both of which are available to credit users in this area; direct loans are those made by the bank to the borrower, while indirect financing represents that paper created by the dealer through a sale and then assigned to the bank. Under the category "direct financing" I now supply the following information: a. "New Cars." The going rate is five per cent per annum and terms are one-third down, with a maximum of 36 months in which to pay. For the credit-worthy there is a slight tendency to make an exception to the one-third down requirement, but if this is done the maximum loan does not exceed the dealer's cost of the car. b. "Used Cars." The rate is six per cent per annum and terms are as follows: For one-year-old cars—one-third down, and 30 months; for two-year-old cars—40 per cent down, and 24 months; for three- and four-year-old cars—40 per cent down and 18 months; cars older than four years are not financed as such, but personal credit loans for the purpose of acquiring such cars are available to credit-worthy individuals at a rate of six per cent per annum, plus a one per cent service fee, out of which credit life insurance is purchased on the life of the borrower, with such loans limited to 18 months. c. "Major appliances." The rate is six per cent, plus one per cent service fee, with maximum terms limited to 24 months against the down payment of ten per cent. In the succeeding paragraphs you will find the requested information on the "indirect plan." a. "New Cars." The dealers are given some freedom in

* Kelley Blue Book.

the use of rates, which range from five per cent to seven and one quarter per cent per annum; the dealer's reserve payable out of this rate has a direct bearing on the rate used. Terms are one-third down with a maximum of 36 months, but with a growing tendency to shorten the down payment. In such cases, however, the amount financed is not in excess of the dealer's cost of the car. b. "Used Cars." On one-year-old cars, the rate is nine and three-quarters per cent per annum with a down payment of one-third and 30 months maximum terms; on two-year-old cars, the rate is nine and three-quarters per cent per annum, with a down payment of one-third and maximum terms of 24 months; on three-year-old cars the rate is nine and three-quarters per cent per annum with one-third down, down payment for maximum terms of 24 months; cars older than three years are financed at a fifteen per cent per annum rate, with one-third down payment and a maximum of 18 months. Because of keen competition in the area many exceptions to these rates are made but the amount financed is governed by the wholesale Red Book figure. c. "Major Appliances." The going rate is eight to nine per cent, with a down payment of ten per cent and maximum terms of 36 months. The above information pertains to the finance plans of those finance companies and banks which recognize that the shortening of down payments and lengthening of terms beyond reasonable limits are dangerous, but unfortunately we have in this area several large-volume dealers who have in some way arranged independent financing on terms ranging from nothing to \$100.00 down and as long as 42 months to pay. It is this kind of competition which forces the finance companies and banks to so often give in to the demands of their dealers that down payments be lowered to a figure less than called for in the published rate schedule.

Furniture Musical Instruments, Electrical Appliances

QUESTION

"Please tell me on what basis should I calculate refund of service charges on instalment contracts paid ahead of time?"

ANSWERS

J. E. Dalmasse, Hahn Furniture Company, Spear Division, Pittsburgh, Pennsylvania: The following method is used in rebating service charges. Take the total amount of the service charge, divide it by the number of months the contract is to run, which will give you the net charge for one month. Multiply this amount by the number of months the contract is being paid ahead of maturity, the result, the amount of rebate. Considering that 90 days after the date of purchase is treated as a cash sale, we also allow an account paid out 90 days past maturity without adding service charges for the additional time. Add-ons are handled in the same manner. If an account has required unusual collection effort, there is no rebate at all; also, if the collection effort resulted in the account being paid ahead of maturity. Service complaints, exchanged merchandise, adjustments, or other normal factors, are always given due consideration when a rebate is involved. If we stop to take into account all the "schemes" used nationally in every channel of publicity and advertising to entice John Q. Public to buy most any kind of product and with all the kinds of premium offers, such

as, trading stamps (all colors) coupon discounts; two of this or that, for the price of one; fabulous give away programs on television and many others too numerous to mention; it behooves the retailer to show his appreciation to a good paying customer by maintaining a liberal rebate of service charges, in order to keep such a customer away from the discount houses, or other lures. Such a policy certainly strengthens "customer good will" in a highly competitive market.

E. E. Paddon, Manager, Credit Sales Department, Lammerts, St. Louis, Missouri: For many years we refunded interest on a pro-rata basis. In other words, if a twelve months contract was paid in six months, we refunded one half of the carrying charge. However, this is not our practice now and interest is now refunded on the 78ths method which we believe is fair and equitable.

William F. Streeter, Supervisor of Collections and Offices, Boutells, Minneapolis, Minnesota: The method of the "Sum of the Digits" used by most financial institutions, the FHA and by many merchants, is accurate and equitable because the amount of interest, carrying charge, or time price differential is proportionately larger at the beginning and during the first part of the contract term and grows smaller each succeeding month. For example: When a 12-month contract has run half its course, or 6 months, nearly three-fourths of the total time price differential (or interest, if a loan of money) has already been earned and used. Suppose a buyer wants to prepay his instalment contract during the 6th month of its stated 12-month life. You wish to determine how much of the time price differential you should refund to him. Assume: Principal balance is \$120.00, time price differential is \$12.00, time balance is \$132.00, with 12 instalments of \$11.00 each. During the first month of a 12-month contract there are 12 unpaid instalments; during the second month, 11; during the third month, 10 unpaid instalments, and so on. Suppose the buyer prepays the contract in the sixth month. The total of digits of the instalments for the first six months is 57. You have, therefore, earned 57/78ths (73.08%) of the time differential, leaving 26.92 per cent (\$3.23) of the total original time price differential to be refunded to the customer. On the other hand, if your store simply used a proportional refund by months, the refund to the customer would be greater. For example: if he prepays in the sixth month of a 12-month contract and you refund by months, you would refund 50 per cent of the \$12.00 or \$6.00 rather than \$3.23. Such a generous refund policy would cost \$2.77 more than refunding under the rule of 78ths. In practice, a clerk or credit department employee would use a chart readily available from several sources.

Eldon L. Taylor, Glen Bros. Music Company, Ogden, Utah: At one time our organization figured the service charges on a monthly basis and then rebated the full number of months remaining upon the contract on payment, however we now feel that this is an overpayment to the customer in as much as the company has the expense of setting up the instalment account and had the greater part of the initial work and also carried the account at the highest principal balance. We therefore went to the First Security Corporation Time Way Plan, and secured from them charts that they were using, which placed the refunds on a basis that pays us for setting up the account and for carrying the account with a large beginning balance. I am sure that if any of our members do not have charts of this type on hand, they would be able to obtain them from most automobile or finance companies, appliance stores and banks. ★★★



★ Items of Interest From the **NATION'S CAPITAL**

JOHN F. CLAGETT, Counsel, National Retail Credit Association, Washington, D.C.

Chapter XIII Coverage Extended; Costs of Administration Decreased: An important long-time project of the National Retail Credit Association has been achieved; namely, the elimination of any maximum wage or income factor determining the eligibility of a wage-earner debtor to seek relief under the provisions of Chapter XIII of the Bankruptcy Act. It is with special satisfaction that it may be reported that at noon on May 13, 1959, at the very moment when the Legislative Committee of the National Retail Credit Association was meeting at the Statler Hotel in Washington, D. C., discussing among other matters Chapter XIII and other Bankruptcy Act amendments, that President Eisenhower signed into law the enrolled bill, H.R. 2237, amending the Chapter in this respect. Language contained in the House report on the bill (Report No. 193, 86th Congress, 1st Session), seems quite pertinent to the increased use of this Chapter as now made possible as a result of this amendment. It is stated:

"Chapter XIII of the Bankruptcy Act provides a method by which wage earners, as defined in that Chapter, may meet creditors' claims without resorting to a straight bankruptcy proceeding. In a Chapter XIII plan, the debtor does not seek to escape his obligations, but instead seeks sufficient time and a systematic method for paying his debts.

"Under present law, to be eligible for a Chapter XIII proceeding, the debtor must be an individual 'who works for wages, salary, or hire at a rate of compensation which, when added to his other income, does not exceed \$5,000 per year.' That amount was established in 1950 when the 81st Congress raised this jurisdictional limitation from \$3,600 (H.R. 9284, 81st Cong., 2d sess. 1950).

"The committee believes that Chapter XIII provides a highly desirable method for dealing with the financial difficulties of individuals. It creates an equitable and feasible way for the honest and conscientious debtor to pay off his debts rather than having them discharged in bankruptcy. The power of the court to change the amount and maturity of instalment payments without affecting the aggregate amount of such payments makes Chapter XIII particularly applicable to the present-day financial problems generated by heavy instalment buying.

"In view of the purpose of Chapter XIII and its commendable results for both debtor and creditor, the committee can see no point in restricting its availability to those earning under \$5,000 a year. This bill would eliminate that monetary limitation and make Chapter XIII available to an insolvent debtor regardless of his total income."

A subsequent section of the same new law modifies another section providing for trustees' commissions "of not more than five per centum to be computed upon and payable out of the payments actually made by or for a debtor under the plan," in lieu of a straight five per centum as formerly, this allowing flexibility in reducing this expense of administration where justified by experience. This change is designed to permit such flexibility where volume in the handling of Chapter XIII cases shows that such savings can be made, as illustrated in the Birmingham, Alabama experience (emphasis added).

Extend Use of Chapter XIII: This is the finding of the Judicial Conference of the United States as based on report of its Committee on Bankruptcy Administration. The annual report of the Conference, held at Washington, D. C., September 17-19, 1958, page 30 states: "The Committee reported that substantial progress has been made in the effort to better acquaint the referees, petitioners in bankruptcy, attorneys, credit associations and other like associations with Chapter XIII and the desirability of its use in appropriate cases. The Committee has requested the Bankruptcy Division to continue its efforts along these lines."

Hoover Commission Still Very Much Alive: While the second Hoover Commission, as such, wound up its business and filed its reports (18 separate subject-matter reports and a final report) with the Congress in 1955 (see *The CREDIT WORLD*, August 1955, page 28 and September 1955, page 28), it is actually still a live proposition. The latest information available on the subject of the Hoover Commission recommendations is contained in a report of the Senate Operations Committee issued at the end of March 1959, detailing the accomplishments of the 85th Congress.

The report shows that the 85th Congress approved legislation which had as its object implementation of some 50 recommendations of the second Hoover Commission. The Congressional activity in this regard was contained in 15 Senate and 13 House bills which became public laws. Also listed are three executive orders putting into effect certain implementations not requiring action by Congress.

The report notes that altogether some 400 bills were introduced in the 85th Congress intended to implement various Hoover recommendations. The extent of this legislative effort, the report noted further, gives "every indication that the Congress will continue to consider many Hoover Commission recommendations so far not acted upon."

Recent Proposals for a Select Committee on Consumers; Also for a Department of Consumers: Senator Javits (R. N.Y.) has introduced S. Res. 109 proposing a "Select Committee on Consumers" to investigate and report to Congress, among other things, as stated by the Senator at the time he offered his resolution, on: "First, methods the consumer may employ to minimize the impact of inflation," and "second, the consumers' problems with consumer credit, including instalment buying credit." This proposal, along with S. 1571, by Senator Kefauver (D. Tenn.), to create a "Department of Consumers" headed by an individual of cabinet rank, while unlikely to receive too much support, nevertheless deserves serious attention by retailers and consumer credit executives. ★★★

LOCAL ASSOCIATION *Activities*



Salem, Oregon

The 1959-1960 officers and directors of the Salem Retail Credit Association, Salem, Oregon, are: President, William Brunkal, Lipman Wolfe Company; Vice President, Melvin Bowcut, Consumer Finance; Secretary, C. E. Schmitz, Credit Bureau of Salem; and Immediate Past President, Steve Stevens, General Finance. Directors: Lela Cushing; Lorraine Eichelberger, State Finance; Paul Wilson, Portland General Electric; Mary L. Peyton, Chevrolet Cadillac Agency; Albert C. Gullucci, Firestone Stores; and William Mitchell, Dairy Cooperative Association.

Pasco, Washington

At the annual meeting of the Tri-City Chapter of the National Retail Credit Association, Pasco, Washington, the following officers and directors were elected: President, Richard B. Cooley, Seattle First National Bank; Vice President, Duane E. Guenther, Guenther Tractor Company; Secretary, O. Conway Adams, Credit Bureau of Benton and Franklin Counties; and Treasurer, Jerry F. O'Herin, Sherwood & Roberts. Directors: Mrs. Frances Gelvin, C. C. Anderson Company; Robert Storms, Seattle First National Bank; Kenneth R. Burrill, National Bank of Commerce; Lynn Lewis, Pacific Finance Company; Glen Admire, Tri-City Lumber; Steve Pryhorocki, United Finance Company; June Wilkins, Carl's Department Store; and James C. Pratt, Jr., National Bank of Commerce.

Walla Walla, Washington

The officers of the Retail Credit Association of Walla Walla, Walla Walla, Washington, for 1959 are: President, Wilbur Hawley, Hawley-Oldham, Inc.; Vice President, Don A. Guinn, Baker-Boyer Bank; and Secretary-Treasurer, J. B. Austin, Credit Bureau of Walla Walla. Trustees: Melvin Hammer, Seattle First National Bank; R. W. Stevens, The Hub; Charles Hunlock, Fairway Finance; and Charles Myers, Tum-a-Lum Lumber.

Cle Elum-Roslyn, Washington

Elected as the new officers of the Retail Credit Association of Cle Elum-Roslyn, Cle Elum-Roslyn, Washington, are: President, John Deonigi, Alexander Chevrolet Company; Vice President, Harrison Benjamin, McKnight Motors; and Treasurer, Gehlen Hudgins, H & H Furniture. Directors: Howard Crutcher, Crutcher & Jones; John Patovich, General Distributing Company; and Jack Blum, M & M Building Supplies.

Goldsboro, North Carolina

The officers of the newly organized Wayne County Retail Credit Association, Goldsboro, North Carolina, are: President, William E. Thunberg, The Jewel Box; Vice President, I. O. Barker, Leder Brothers; and Secretary-Treasurer, Walter S. Collier, Credit Bureau of Goldsboro.

Chelan, Washington

The 1959 officers of the Lake Chelan Retail Credit Men's Association, Chelan, Washington, are: President, Wayne Bennett, Wayne's Service; Vice President, Wayne Kelly, Chelan Hardware Company; and Secretary-Treasurer, Elsie Vannebo, Credit Bureau of Lake Chelan. Directors: Dan Chapman, Lake Chelan Community Hospital; Clyde Green, Shell Oil Company; and Tom Barker, Vic's Market.

Regina, Saskatchewan, Canada

The Regina Retail Credit Association, Regina, Saskatchewan, Canada, has elected as its officers for 1959: President, Bob Caron, Niagara Finance Company Ltd.; Vice President, Ed. Knight, Imperial Oil Company Ltd.; Secretary, Ken Reid, Credit Bureau of Regina, Ltd.; and Treasurer, Carmen Beatty, Canadian Bank of Commerce. Directors: Phil Koch, T. Eaton of Canada Ltd.; Mary Reyda, Robert Simpson, Regina, Ltd.; Dick Gallagher, Bank of Nova Scotia; Bill Irwin, Child and Grower Ltd.; Mrs. Cherry McConnell, J. Alex McKenzie Ltd.; Don Mitchell, General Paint Corporation of Canada Ltd.; Jerry Welsh, Kenridge Man's Store; and Bill Martin, Crescent Furniture Ltd.

Miami, Florida

The Greater Miami Credit Association, Miami, Florida has installed as its officers for 1959: President, David W. Cook, Hartley's; First Vice President, John J. Lurz, Jordan Marsh; Second Vice President, Ray T. Mayer, Bank of South Miami; Third Vice President, Frank J. Phillips, Dade National Bank; Secretary, James C. Herren, Credit Bureau of Greater Miami; and Treasurer, William H. Hearne, Bureau of Credit Administration. Directors: Alexander J. DeMarco, Family Finance Management Corporation; Floyd F. Pyle, United Bureau of Collections; R. Kenneth Thompson, Giffin Industries; W. Ben Nelson, Industrial National Bank; James H. Callahan, Rader & Associates; R. Karl Jackson, Brasco Finance Company; Sheldon E. Nelson, General Tire of Miami; Carle E. Dunford, Biscayne Chemical Laboratories; and Powell R. Jones, Dick Richmond, Inc.

Kansas City, Missouri

The newly elected officers and directors of the Retail Credit Association of Kansas City, Kansas City, Missouri, are: President, N. J. Nero, Commerce Trust Company; First Vice President, Anna Mae Larrance, Harzfeld's; Second Vice President, K. L. Hooper, McDowell Tire Company; and Secretary-Treasurer, A. L. Dye, Credit Bureau of Kansas City. Directors: R. H. Carlson, Palace Clothing Company; Robert J. Creagan, Household Finance Corporation; Donald J. Garrison, Sherwin-Williams Company; Eleanor Lucas, Atlas Acceptance Corporation; Charlene Robeson, City National Bank & Trust Company; Sam D. Scorza, Cities Service Oil Company; and Roy Werner, Phillips Petroleum Company.

PROGRAM Suggestions FOR LOCAL ASSOCIATIONS

THE SUCCESS of any organization depends on the degree of interest and enthusiasm shown by its members. The National Retail Credit Association places great reliance on the network of local credit associations in order to carry out its program.

It is through the work of local units that the cause of good credit can best be furthered. Well-attended meetings promote good fellowship among all credit granters and provide the basis for interchange of ideas and better understanding of the power of credit. Publicity given to the meetings focuses attention of the general public on credit matters and leads to betterment of consumer attitude in the prompt payment of all accounts. Interest and enthusiasm are aroused and maintained when credit meetings are lively, stimulating and helpful.

Not for a long time has there been a greater need for a well-informed and cooperative credit association membership. In the days ahead, it will be of critical importance that the men and women controlling credit granting and collection of accounts have a clear idea of the benefit of collective thinking on their mutual problems.

We suggest that you arrange a series of meetings devoted to the practical day-by-day operation of credit departments. You can attract good attendance when you give such meetings plenty of publicity. Pick out a few key members of your association and let them lead the discussion. The program chairman and these leaders should own or have access to the various textbooks and manuals published by N.R.C.A. With these you will have a splendid business library providing a limitless source of material to use in conducting the open forum type of meeting.

One key word is *planning*. Instead of the usual quick luncheon meeting of the Program Committee about a week prior to the event which usually results in "desperation" decisions, a better way is to spend time in blocking out a broad program for the entire year.

The Program Committee should decide on a series of specific themes for each meeting and an over-all general theme for the year. The themes should be definitely related to retail credit and collection work. Most people nowadays have ready access to authoritative information on practically every subject imaginable, as well as ample topflight entertainment. Retail credit associations, therefore, fulfill their real purpose and become more valuable to those attending, if meetings are confined to retail credit topics.

Decide in broad outline the year's program. Then prepare an attractively printed brochure, showing dates and topics of the meetings. Even if the speakers cannot be definitely named when the brochure is printed, the list of subjects will appeal to the members. Include in the brochure a complete membership roster and names of officers, directors, and committee members. This becomes a valuable booklet the credit granter can keep before him for reference for the entire year.

Here we list some subjects for panel discussions. Select a panel of local managers of credit sales (strive

for variety in business represented) and suggest they read up on the subject to be discussed and be prepared to answer questions put by the program chairman, presiding officer, or from the floor.

Subject No. 1—CREDIT POLICIES

- a. Do you have a credit policy? Is it in writing? What should the policy include? Has it been approved by management? What are your terms? Could you get more volume by providing other terms than those you are now offering?
- b. Do your associates and assistants understand your credit and collection policy? Does everyone in the store?
- c. What are the advantages of the title "Manager of Credit Sales"? Do you use it? Why not?
- d. How can credit office expense be reduced? What cost reduction ideas have you found most successful?
- e. Do you have figures on "cost per transaction"?

Subject No. 2—CREDIT SALES PROMOTION

- a. Do you have a program of charge account sales promotion? How far in advance? How best can installment sales be promoted?
- b. Are newcomers to the community welcomed by your store? How soon after arrival?
- c. Have you any program of outside solicitation for new accounts?
- d. How soon after an account becomes inactive is it followed up?
- e. Do you yourself initiate credit sales programs? How do you do this?
- f. Do you have a separate budget for credit promotion activities? If so, on what basis is the amount decided?

Subject No. 3—CREDIT OFFICE LOCATION, FURNISHINGS, PERSONNEL

- a. Is the credit office in the best possible location? Have you made any recommendations to management for improvement of location?
- b. Is the credit office furnished in a manner to induce customer confidence and comfort? What improvements would you recommend?
- c. What part do you take in the selection of personnel for your department?
- d. What authority do you have in matters of salary, promotion, transfer of credit department personnel?
- e. Do you have a credit office manual? If so, what does it cover?
- f. How much training do new credit office employees receive? Do they receive sales training? Should they?

Subject No. 4—INTERVIEWING THE CUSTOMER

- a. What qualities and personality traits should be possessed by interviewers?
- b. Do your interviewers have adequate knowledge of the entire store? Merchandise offered? Location of

departments? Items currently advertised? General policies?

- c. How much authority do you give to interviewers to authorize immediate purchases on new accounts?
- d. What are the advantages of a standard application form, such as the one the N.R.C.A. offers?
- e. What factors enter into credit analysis and investigation?
- f. What type of person makes the best interviewer? Why?

Subject No. 5—CREDIT INVESTIGATION

- a. Relations with credit bureau. Can they be improved? How?
- b. What are your ideas on how members could contribute to the greater effectiveness of the bureau?
- c. What are the advantages of Telautograph, Teletypewriter, direct line, sending duplicate application to bureau, or other methods of getting information quickly and accurately?
- d. Who in your office decides what type of bureau report to get?
- e. Who has the authority to "turn down" an application?
- f. On the average, how long does it take to let the new customer know that the account is available for use.

Subject No. 6—CREDIT AUTHORIZATION

- a. What are your floor delivery limits?
- b. Use of credit identification, card, coin, Charga-Plate, Credit-Plate, etc.
- c. How is customer notified on a send charge purchase that you are "holding" for one reason or another?
- d. Telephone and tube authorization. Discuss advantages and disadvantages.
- e. Is "negative" authorization recommended?
- f. How do you control "overlimits"?
- g. How does the "drawback" system work?
- h. Is it advisable to call customer to the office on a "take with" on a slow or unsatisfactory account?

Subject No. 7—ACCOUNTS RECEIVABLE BILLING

- a. What kind of billing machines do you use?
- b. What are the advantages of cycle billing?
- c. Merits of different kinds of equipment for cycle billing.
- d. Advantages of getting bills out promptly.
- e. Pre-audit or post-audit? Discuss advantages—disadvantages.

Subject No. 8—COLLECTING THE ACCOUNT

- a. What is your collection policy? Describe procedure.
 - 1. Monthly charge account. 2. Instalment account.
- b. Do you use stickers, bill inserts, printed notices on bills? Are they effective?
- c. When do you begin the "personal" follow-up?
- d. When is a past-due account placed for collection?
- e. Do you make any distinction between accounts based on past history, length of time on books, etc., in the collection procedure? Is this good policy?
- f. What are present collection trends?
- g. How do you handle "Skips"?

Subject No. 9—GENERAL

- a. Is the cashing of personal checks without charge a

worth-while service or should a charge be made?

- b. What do you do with "no account" charges?
- c. What is your experience with "fraud" charges?
- d. What is the relative importance of the following in judging value of an account?
 - 1. Annual volume of purchases? 2. Amount of returned merchandise? 3. Pay record? 4. Record of undue requests for allowances, adjustments?
- e. Under what circumstances would you consider re-opening an account for a bankrupt?
- f. What value has a "guarantee on an account"?
- g. How do you decide on amount of credit to be given a young person, or a couple with little or no previous record of credit experience?
- h. What attitude do you take with the usually slow, but considered "good" customer?
- i. Are you familiar with Chapter 13 of the Bankruptcy Act? Have you availed yourself of its provisions? What has been your experience?

From H. M. Barrentine, Past President, Retail Credit Association, Kansas City, Missouri, comes a novel idea for increasing interest and improving attendance at association meetings. Included in the advance notice, ten questions dealing with credit matters of current importance are listed. Members are told that these questions will be discussed. Because they know what topics will be spotlighted members are more ready to take part in the discussion having thought about the questions during the days preceding.

Another splendid idea comes from J. E. R. Chilton, Jr., Dallas, Texas, who suggests that credit meetings can be enlivened by asking three or four credit managers to speak for ten minutes each on the topic, "My problem is. . . ." After the speakers have outlined the particular problems on which enlightenment is desired, the meeting can be thrown open to general discussion.

"Idea and Experience" meetings are usually successful. Offer a modest prize for the best idea or suggestion presented on any of the following or similar subjects:

"My best office short cut."

"My best postage-saving idea."

"The most difficult collection problem I have ever met with in my business."

"The most difficult credit problem I have encountered."

"My best stunt in locating skips."

Arrange for the N.R.C.A. educational motion picture film, "The Good Things of Life on Credit" to be shown at one of your meetings. This is a 25 minute 16 mm. black and white production. It portrays the benefits accruing from the sound use of consumer credit and dramatically shows the advantages of building and maintaining a good credit record. For information about the availability of the film, write to the National Office.

At the 44th Annual International Consumer Credit Conference at Los Angeles, California in July 1958, a special session was devoted exclusively to the problems of local retail credit association meetings. This session was attended by representatives from the National Retail Credit Association, Associated Credit Bureaus of America and the Credit Women's Breakfast Clubs of North America. The purpose of the session was to establish the pattern and interaction of N.R.C.A., ACBoFA, and CWBCofNA, local members and units. The theme of the session was "Improving Local Association Meetings."

A complete report of the meeting, including the three principal addresses and recommendations of the discussion groups, will be sent without charge, on request to the National Office, 275 Jackson Avenue, St. Louis 30, Missouri. Ask for "Improving Local Association Meetings."

★★★

A MESSAGE FROM THE PRESIDENT



Let's Pay Our Debts

IN MY FIRST "President's Pen" message, I said that, as late as 1954, I had no idea that I would ever be honored with the presidency of the National Retail Credit Association.

In this, my concluding "President's Pen" message, I want to say that serving you has been a rewarding experience for which I shall always be indebted to the National Retail Credit Association. It was rewarding because it presented the challenge of greater responsibilities. No one can attempt to fulfill greater responsibilities without being enriched by the effort. Whatever success is achieved is sugar frosting on the cake of personal development.

That the meeting of increased responsibilities develops the ability to successfully cope with even greater ones is no secret. It has been experienced by all of you who have any claim to being good credit executives. What I want to direct attention to is the challenging opportunity and responsibility of helping others to become better credit craftsmen.

No matter how small or great the degree of success any of us achieve, we owe a debt to one or more persons who helped us gain it. There are no self-made successes.

At my age, I can look back over the years and clearly recognize, outside my family circle and the National Retail Credit Association's official family, the influence of seven people who helped me along the road that finally led to this association's presidency and whatever business success I can claim. Consider them—a high school teacher, a college professor, a

small merchant, a top industrial relations executive, a most gentlemanly company treasurer, a credit manager, and a banker. I received guidance by word and example, when they could so easily have disregarded me! I owe a debt to all of them.

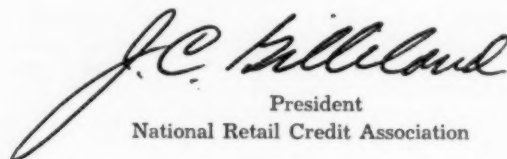
All of us can pay our debts to those whose influence helped us by sharing our knowledge, in turn, with the ones who will follow us.

You can influence those with whom you work and see and hear about the results of your guidance. The satisfaction is direct and personal. However, this is a small sphere of influence.

A much larger sphere is found in activity within, and for, your association. You may not hear of the results so rapidly, but they eventually show. Any of you who fail to actively promote the interests of your local, district and national credit groups are throwing away a prime opportunity to promote your own, personal advancement. Do not lose such a chance for self-improvement.

It takes time that we might like to spend on ourselves, it sometimes costs us some money, it sometimes seems like wasted effort; but it is like paying any debt, whether of money or intangibles—it makes us feel good when it is paid.

So, again, thank you for having made it possible for me to pay, during this past year, more instalments on the debts for guidance and help that I owe to so many others. I wish all of you may have similar opportunities.


President
National Retail Credit Association



MECHANIZED RECORD HANDLING SYSTEM



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**NOW HAS PUSH-BUTTON FILING SYSTEM FOR INSTANT
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and posting are done in seconds keeping files more up-to-date. The result is increased efficiency and greater productivity with fewer personnel and, of course, faster service to member retailers.

See the KARD-VEYER system in action and get full details at the International Consumer Credit Conference, June 22-25, Statler Hilton Hotel, Dallas, Texas, BOOTHS 19 and 20.

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IMPORTANT STEPS in Retail Credit Operation

By Dr. Clyde Wm. Phelps
Professor of Economics, University of Southern California

In presenting to you this new book by Dr. Clyde Wm. Phelps, it is with the thought that it will be read by everyone interested in this important subject. Dr. Phelps is also the author of our text and reference book, *RETAIL CREDIT FUNDAMENTALS*, which was revised recently. This handbook written expressly for credit personnel in the larger credit departments, and for the many retailers who, burdened with other duties involved in merchandising the store, are also responsible for credit operations. Because of the press of other duties, this important function is often neglected, with resultant slow accounts and eventual bad debts. The book is dedicated, therefore, to the small merchant and the credit novice, in the belief that it will develop credit sales and result in a more efficient and profitable operation. This handbook should be on the desk of each member of the Credit Office Staff. Order a supply TODAY.

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